

# Social Scientist

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The Nature of Is'tah?  
□ Shiv Sena Movement  
Public Sector Enterprise  
vity and Agricultural Work  
Social Change in Soviet Union

# Social Scientist

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## CONTRIBUTORS

*SANJAYA BARU is Fellow in the Department of Economics, University of Hyderabad.*

*HARIHAR BHAKTA is in the Post-Graduate Department of Economics, Rajendra College, Chapra.*

*K K DAS GUPTA is with the Gokhale Institute of Politics and Economics, Pune.*

*MRIDUL EAPEN is Research Associate, Centre for Development Studies, Trivandrum.*

*DIPANKAR GUPTA is Assistant Professor, Centre for Social Medicine, Jawaharlal Nehru University, New Delhi.*

*NICO KIELSTRA teaches at Centre for Anthropology and Sociology, University of Amsterdam.*



NICO KIELSTRA

## *The Nature of Islamic Revolutions*

WHEN we try to classify a number of developments in various countries together under the name of "Islamic Revolution", we have to answer two questions: 1) Why are revolutionary developments taking place at all in these countries? 2) What is the significance of the Islamic aspect of these revolutions, and why do we find in Islam a connection between religious fundamentalism and political radicalism that is absent in the other present-day major world religions?

The answer to the first question has to be specific. Vague historical generalizations will not teach us anything. We have to look at specific developments in specific countries. Here an attempt is made to analyze developments in Iran because it is the most typical example of an "Islamic Revolution", and because it is the Muslim country best known to the writer. First, we shall have a brief look at developments in a number of other Muslim countries, however, with which the Iranian case might be compared.

Libya is a rather untypical example. Khadafi's revolution was originally not launched in the name of a return to Islam, but for the sake of anti-imperialism, for a more honest and efficient government, and for a better distribution of national wealth. In fact, the Libyan monarchy had more of a religious sanction than the

Khadafi regime: the king was head of the Senussi brotherhood, the only nationwide religious organization Libya knew. Moreover, in pre-revolutionary Libya westernized upper and middle class groups were very small, and for most Libyans Khadafi's Islamic ideology has not been a return to the Islamic tradition, but simply a somewhat modified continuation of a pre-existing ideological pattern.

Pakistan has never been a completely secular state either, based as it was on the Muslim desire for a separate state when former British India became independent. Pakistani society is much more differentiated than Libyan society, however. Non-Muslim minorities, though existing, are relatively small, but ethnic separatism, of the Bengali in the later state of Bangladesh, and of the Pashtun and Baluchi in West Pakistan itself, has always been a potential and sometimes an actual threat to the existence of a Pakistani state where ethnic elements from Sind and Punjab have always been dominant. Westernized upper and middle class groups exist, and their influence on governmental affairs has been strong. The country has known considerable political instability during the 33 years of its independence, but most of its successive regimes have not accentuated the Islamic character of the state overmuch. Only the leader of the last military coup, General Zia-ul Haq, has tried to give his regime an ideological basis by referring to a return to the Islamic origins.

In Afghanistan, the Islamic political movement has much more clearly the character of a counter-revolution. There had been little, if any, religious opposition to the monarchy or to Daud's regime which succeeded the monarchy and which still left power in the hands of a faction, though possibly a slightly more progressive one, of the old ruling class. Only the rise to power of three successive governments of a Marxist orientation has given rise to armed resistance by at least 13 different organizations. It is difficult at the moment to trace the social or regional backgrounds of all these organizations, but all of them claim to fight in the name of Islam.

Turkey is the only Muslim country where a stable reformist regime, Kemal Pasha's government in the nineteen-twenties and thirties, has ever aggressively asserted the secular character of the state. In fact, however, both the Islamic character and the internal class contradictions of the Turkish nation were only temporarily covered up by Kemal Pasha's strong regime. They came to the surface again after the second world war, when the old regime weakened and its rule petered out into economic stagnation, a stalemate situation between rival political parties, increasing

social unrest and a continuous threat of military intervention in political life.

The Muslim Brotherhood in Egypt was founded in the late nineteen-twenties. Its programme combined a rigid Islamic fundamentalism with a demand for certain non-socialist social reforms. In the early 1950s, during the decline of the monarchy, it may have been the strongest underground opposition movement, but it was the group of the Free Officers that overthrew the monarchy with a military coup, and under Nasser, the Muslim Brotherhood was fairly effectively repressed. Nowadays its influence is growing again, and it is tolerated by President Sadat, possibly in the hope that it will help to discredit the left wing opposition as un-Islamic. Some concessions to Muslim fundamentalism in the cultural field are acceptable to the regime.

### *Rallying Point*

In Syria, on the contrary, the Muslim Brotherhood's activities remain strictly illegal, but its activities are increasing nevertheless. President Asad's regime has alienated many groups in Syrian society for various reasons. The Brotherhood tries to focus these various forms of discontent on the fact that the Alaouite religious minority holds a strong position amongst the personnel of the present regime. The Alaouites are a religious minority group that has its origins in the mountain areas of northwestern Syria. In western eyes they may pass as a heterodox Shi'a Muslim sect, but in the eyes of orthodox Muslims they cannot count as Muslims at all.

In various other countries, like Morocco, Algeria, Tunisia, Indonesia and Malaysia, there does not seem to be a well organized Muslim opposition, but social discontent sometimes takes the form of a protest against the religious laxity of modern society. So there is a possibility that opposition groups of various origins may rally under the banner of Islamic fundamentalism. The alternative possibility is that established regimes may try to quell social discontent by posing themselves as defenders of Islamic orthodoxy which is already happening in Saudi Arabia, the United Arab Emirates and to a certain degree in Kuwait and the sultanates of Muscat and Oman.

In North Yemen too little westernization has taken place to give the people a feeling of a break with the Muslim tradition, so that the question of Muslim fundamentalism may not be so urgent there. In South Yemen a radical and tough-minded leftist regime is showing remarkable tolerance with Islam to prevent alienating

rural population and the urban lower middle classes, and not to drive them into the arms of the former feudal ruling group that has fled to Saudi Arabia. In South Yemen, before independence and the subsequent social revolution, the Muslim orthodoxy was, however, represented by a caste-like group of sayyid families claiming descent from the Prophet, who dominated small towns as a kind of hereditary upper bourgeoisie.<sup>1</sup> Such a situation was rather unique in the Muslim world. Normally religious leaders might be wealthy or not, but they were not a dominant element in the land-owning upper class. This anomaly may explain why Islamic fundamentalism has had so little appeal as an ideological basis for social protest in South Yemen.

In most of these cases we see that an appeal for the defence and restoration of Islam is made either by an established government or by opposition groups that have already been established on some other basis. The function of such an appeal is evidently to establish an ideological unity amongst groups with various socio-economic interests. Such a role is not much different from that played by Christian democrat movements in various western countries. The difference is that western Christian democrats can only appeal to traditional religious loyalties and to fear of social and cultural changes, but they have been unable to mobilize large numbers of young people who had already broken away from their traditional origins. The Muslim fundamentalist groups have managed to do just that with students and with the recently urbanized proletarians. Another difference is that an appeal for a restoration of a society based on Christian fundamentalist ideas would not be a unifying element at all in the western political context. Consequently the religious aspect of Christian democracy is that of a rather vague compromise. Fundamentalist Christian groups exist, but they are politically rather isolated, and risk to lose their grip on the younger generations. Groups of politically radical Christians also exist, but they are not fundamentalist in any sense of the word.<sup>2</sup> These differences cannot be explained in terms of different social and political conditions only. We must look for some fundamental differences between Islam on the one hand and Christianity, and other major world religions on the other, which we shall do later on.

First, however, let us try to analyze in some more detail what happened and is still happening in Iran. From a political point of view the most fundamental thing that happened in Iran between the overthrow of Mossadegh in 1953 and the beginning of the revolution at the end of 1977 or the beginning of 1978, was

the almost complete depoliticization of the Iranian society. The officially recognized political parties in that period were only facades to give the regime some semblance of democracy. A one-party system does not necessarily paralyze political life in a country. Factional struggles within such a party may reflect genuine currents of political opinion, and the power held by the party machinery may be genuinely contested. Nothing of all this took place in Iran, however, where political power was not exercised by party machineries, but by a court elite to which later on an increasing number of technocrats and big businessmen were added. This political elite was not a closed caste. An important part of its members, estimated at about 50 percent<sup>3</sup>, had climbed up from middle class origins, but these people were not selected on the basis of party activities, but on the basis of a mixture of patronage and personal relations, technical qualifications and prior administrative services. The Shah did not want any political leader with a genuine political support beside him. Politicians who tried to build up such a support, like agricultural minister Arsanjani after the land reform in 1962, were soon relieved from their posts. Factional strife did exist in this ruling elite, but because of their social isolation such elite factions could only appeal to the favour of the Shah and his closest advisers and could thus only operate within the existing system.

#### *National Front Disintegrates*

Mossadegh's old National Front and the communist oriented Tudeh party survived for a while illegally, but during the nineteen-sixties they disintegrated under continual repression. Under Mossadegh the National Front had been a rather heterogeneous coalition of both right and left-wing elements around a nationalist programme based on oil nationalization and anti-imperialism. Discussions about internal social reforms had deliberately been put off until later. What survived of the National Front as an underground opposition group in the early nineteen-sixties was a fairly moderate progressive group, comparable in its opinions to contemporaneous western social democrats, which was, however, driven to radicalism by uncompromising repression. This group gradually disappeared. Some of its members accepted a career in the rapidly growing government bureaucracy or with private enterprises; others went abroad. In 1977, under the Shah's last attempt to introduce some degree of political liberalization, a group of liberal intellectuals refounded the National Front, but so far it has remained a small organization of intellectuals and bazaar merchants without much of a mass support.

The Tudeh party survived during the period of repression, but suffered from split-offs after the Soviet-Chinese conflict, when the official party leaders chose the Soviet line and various pro-Chinese leftist groups left the party. The accommodating policies of the Soviet Union towards the Shah's regime did not increase the party's prestige as an opposition group either, and by the time the revolution broke out the Tudeh seems largely to have been a paper organization.<sup>4</sup> During and after the second world war the party had some influence amongst the urban working class, but by now a whole new generation of urban workers has grown up, who have lost touch with the party, while in the mid-seventies probably more than half of the urban proletariat consisted of first generation rural migrants and their children amongst whom Marxist ideas never seem to have obtained much support.

Contrary to most other Middle Eastern countries the armed forces and the security services in Iran never played an independent political role. Almost to the end they remained passive instruments of the Shah's regime. Rigid security controls prevented any political discussion, not to mention of conspiracy, amongst officers.

Labour unions were organized in individual enterprises only and strictly controlled by the security service (SAVAK). Nationwide labour organizations were not allowed. Industrial strikes, though illegal, were not infrequent, but since they were never reported in the news media, they remained strictly local events.<sup>5</sup>

For all opposition groups, even the most moderate ones, the main problem remained how to build up and maintain a nationwide organization. Political discussion still remained possible within small networks of friends, but organizations that tried to extend their membership were soon infiltrated by the SAVAK and either rolled up or made to disintegrate by pressures put on some central members.

### *The Only Means of Communication*

In this situation the only potentially available nation-wide network for communication remained the religious apparatus. Islam has no clergy, but the *ulama* constitute a group of professional religious experts. These religious professionals have no formal central organization like the various Christian churches, but there is a network of communication between religious professionals and the nearest centre of religious learning, and between various centres of religious learning. This network was actually reinforced in the nineteen-fifties with the purpose of providing a more efficient administration of the properties of the various religious centres.<sup>6</sup>

This group of religious professionals was already a centre of opposition in itself. In Sunni Islam the current doctrine is that a de facto government is legitimate as long as it respects Islamic law. However, in the Shi'a sect of Islam, which is dominant in Iran, the central doctrine is that legitimate rule over the Islamic community can be exercised only by the imams, the direct line of the Prophet's descendants through his son-in-law Ali. The last one of this line of legitimate imams went into hiding in 873, and is supposed not to be dead and to return near the end of times to restore legitimate Islamic rule. In the absence of the imam there can only be de facto government, which should be exercised under the moral guidance of the highest qualified religious scholars of the Shi'a community, who are supposed to act as the imam's representatives.

So ever since Shi'ism became the Iranian state religion in the beginning of the sixteenth century there has been a struggle for power between the ruler and his secular officials on the one hand and the Shi'a religious leaders on the other. Early attempts to establish a state-controlled religious hierarchy failed and were never repeated. The state can provide a number of posts as preachers in big urban mosques to sympathetic religious men but the formal religious leadership status of *mujtahed* or *ayatollah*, people who are qualified to provide independent interpretations of Islamic law, is not reached through any formal nomination but through the informal consent of fellow professionals and the community of the faithful.

### *Guidance from Religious Leaders*

In the past this opposition between the court and the religious leaders was mitigated by the fact that individual religious leaders might obtain politically influential positions as court advisers. It is historical nonsense to say, as some sympathizers of the Iranian revolution do, that the *ayatollahs* have always been a source of progressive opposition. Some of them have in the past joined movements for social and political reform, but others have defended the status quo. Nor is it true that the Shi'a political doctrine stands for democracy, as Khomeyni made clear when he opposed talk about democracy. The current doctrine on this point is that government by popular consent offers somewhat better prospects for the religious life than absolutism, but that it should equally be subject to the guidance of the religious leaders.<sup>7</sup> The new Iranian constitution provides for this by the institution of the Faghi, the religious guide who can over-rule the decisions of the elected president and parliament.<sup>8</sup>

Since the beginning of the twentieth century the government machinery has increasingly been staffed by western trained intellectuals and in the last few decades by American trained technocrats. With these people the religious leaders, who became increasingly isolated from developments in the world at large, lost their former positions as advisers, which may have made them more united against the government than they had ever been before. At the same time the rapid westernization of Iranian society became a threat to their influence over the population at large.

Iranian popular culture has never been particularly puritan, and it contains a sound degree of anti-clericalism. There is a large repertory of uncomplimentary jokes about stupid, greedy and lecherous *mullahs*. Such popular liberalism and anti-clericalism has, however, never touched on the basic doctrines and institutions of Shi'a Islam. A rapid westernization of the style of everyday life might do just that, though in spite of all westernization the amount of secularization in present-day Iranian society and culture should not be overestimated.

The religious professionals constituted in the nineteenth century the only oppositional group with a nationwide communication network. Some of them lived outside Iran in the Shi'a religious centres of Kerbela and Najaf in Iraq. Even inside Iran, however, the possible degree of repression against them was limited. Individual religious men might be and were prosecuted, but the influence of religion in Iranian society was such that it would have been inconceivable to roll up the whole religious network and, for example, to close the major religious school in Qum. The authorities were also reluctant to raid mosques, which had always been meeting places for informal public discussion and which now became centres of political discussion. Even during the final revolution the Shah's government, against all evidence, long maintained that it was all the work of Marxists, and that the government had no quarrel with the religious leaders.

Under these circumstances religious leaders could rally around them many discontented people of various origins. With the exception of the political, economic and military elite and a large part of the peasantry, almost all social classes and categories in Iran seem to have been involved in the revolution. If most peasants did not actively participate, this was probably not because of any love for the Shah, but because they had fewer contacts with the religious leaders. Many villages have no resident *mullah*, and if there is one, he is not necessarily in close contact with his urban colleagues. Villagers may respect a resident *mullah*



for his religious learning, but the general tendency used to be not to grant him any leadership role in village politics. Peasants will not easily follow a *mullah* as their political leader.

Discontent had many different origins, and some of these might never have taken revolutionary proportions if they had been granted some institutionalized outlet, but the Shah's regime would not accept any organized oppositional activity. The lack of civil liberties and of any possibility of influencing the development of their own society may have weighed the heaviest with students and intellectuals. This group still had career possibilities if they were willing to conform with the policies of the regime. There is a much larger group in Iran of people with an incomplete secondary education, or who finished their secondary education but did not get admitted to a university. This group combined a similar sense of lack of civil liberties and of political powerlessness with much larger social frustrations, since attractive career possibilities for them were very limited. The first group of opponents of the regime which the writer met outside academic circles in 1970 were a group of small town bank clerks. The level of most secondary schools in Iran was not very high, and the kind of introduction to western culture which they offered was superficial in the extreme. The xenophobic sentiments of many of the religious leaders were easily shared by this group of failed high school students.

### *Suppression of Labour Movement*

The bazaar had long been a centre of religious orthodoxy, and bazaar merchants were probably the social group most closely related to the religious apparatus. For bazaar merchants the feeling of political powerlessness was linked with the feeling that they were being outrivalled by the big new Iranian entrepreneurs and foreign concerns who were favoured by the government.

Industrial workers saw their unions controlled, infiltrated and manipulated by the SAVAK and their strikes suppressed by force. There is a much larger urban sub-proletariat, however, often recently immigrated from the countryside, who never succeeded in finding a permanent job, and who were put into contact with the consumer society but unable to participate in it. In the past the frustrations of this urban sub-proletariat had sometimes been manipulated by government agents to mobilize them against the government's political enemies. This happened last during the demonstrations that accompanied the overthrow of Mossadegh's regime in 1953. In the nineteen-sixties and seventies when all opposition was suppressed, the government lost its grip on these

groups, who were just then rapidly growing in number because of a large scale rural exodus. They were now ready to be mobilized by the other side. Religious leaders had more contacts with this group than left-wing intellectuals, and their ideological vocabulary was more easily understood.

The question why the revolution did just break out in 1978 may not be a very fruitful one. There had been some setbacks in economic development in the mid-seventies.<sup>9</sup> These were, however, probably not more than the last straw that brought the long accumulated discontent to the point of explosion. In 1977, just before the revolution began, many people in Iran, including even some foreign businessmen, seemed to realize that things could not go on like this for long anymore. There had been occasional industrial strikes and student demonstrations for many years, and finally these caught on with a larger public, and could not be stopped anymore. Neither was the oppositional role of the religious leaders very new. Some of them had been behind the anti-government demonstrations of 1963 and the assassination of the prime minister and assassination attempt on the Shah in 1965. Already in 1970 academic opponents of the Shah were considering Khomeyni as their political leader.

### *The Fall of Shah and Power Vacuum*

In fact, the stability of the Shah's regime has always been over-estimated both by himself and by his foreign friends. Even in the sixties many foreigners living in Iran expected the country to explode sooner or later. Many Iranians, even if they were not particularly opposed to the regime themselves, realized that it had no popular support whatsoever. The government's only decision that ever raised some degree of popular enthusiasm was the land reform of 1962, but this was soon watered down, and the later plans for agricultural development were neither successful nor popular, while it was not followed up by fundamental social reforms in other sectors of society.

Since 1953 the position of the regime was, in fact, only based on its repressive apparatus, and recent experiences have shown that in the long run the personnel constitutes the weak factor in such a repressive apparatus. Professional elite units like the Imperial Guard were too small in number to control the country or even Tehran. The majority of the armed forces was made up by conscripts who could be made to fire at the population occasionally but not always. In the end the military leaders realized this, and saw that they could better drop the Shah and any

coup plans of their own and try to come to terms with a new regime. The disintegration of the army would have left them without any influence whatsoever. Even the much feared security service, SAVAK, was probably made up of only a small hard core and a large base of lower staff who were quite willing to sell information on their fellow citizens but not risk their neck for the regime.

The fall of the Shah left a power vacuum, however. The National Front leaders, who originally took over the government, were powerless. Though most of the old government bureaucracy was left in place, it had neither the moral authority nor the coercive power. Actual power in the streets remained in the hands of the Revolutionary Guard, which is loyal only to Khomeyni and some of the other *ayatollahs*, and all kinds of local revolutionary committees, over whose activities even Khomeyni has no real control, though he can and does try to restrain them to some degree.

Prime Minister Bakhtiar, who was willing to accept at least temporarily a constitutional monarchy, and who was unwilling to compromise with the religious leaders, never had a chance. Bazargan, who was nominated by Khomeyni to replace Bakhtiar, was tolerated, but found that he could not exercise any effective authority. Both the more radical Muslims and the left (the communist Tudeh, the leftist Fedayin and the leftist Muslim Mujahedin) suspected that Bazargan's government, supported by the bazaar and by what remained of the government bureaucracy, would limit the revolution to some liberal political reforms. Even the more moderate religious leaders remembered how the religious element had been outmanoeuvred by liberal politicians during the constitutional revolution at the beginning of the century. They probably also feared that the urban masses might turn to the Marxist left if they were disappointed in the social aspects of the revolution. So *ayatollah* Khomeyni officially tolerated Bazargan, but did little to support his authority, while younger religious leaders, particularly *ayatollah* Beheshti, were organizing their political supporters.

*Leftist Forces Stalled*

When prime minister Bazargan met with the United States presidential adviser Brzezinski in Algiers a group of radical Muslims occupied the United States embassy in Tehran and kept the embassy staff as hostages. The former Shah's admittance to the United States of America for medical treatment offered a convenient excuse for public opinion, but few of the major political leaders could have had any illusions that the Americans would extradite the Shah. The occupation, however, effectively blocked the nor-

malization of relations with the United States. Both the left and practically all Muslim leaders therefore supported the action, and Bazargan's government, unable to do anything, quit. Government authority was directly taken over by the Revolutionary Council, dominated by the religious leaders. Even there some of the more moderate lay personalities like the later president Bani Sadr were willing to seek a compromise with the Americans. *Ayatollah* Beheshti, however, opposed him and obtained Khomeyni's support to delay any decision on the hostages. Beheshti managed to win the occupants of the embassy over to his party of the Islamic Republic and could now present himself and his party as the safeguards of the revolution. He thus blocked the left from obtaining a mass support on a programme of anti-imperialism and economic socialization. Gradually the various Marxist groups were pushed back into clandestine activity again.

Bani Sadr managed to get himself elected president with a large majority, but Beheshti's party, the Islamic Republic, became the largest party in the parliamentary elections.<sup>10</sup> It remains to be seen if the party's members of parliament will continue to constitute a united block, but for the moment president Bani Sadr will be obliged to seek Beheshti's support instead of seeking the support of the leftist Muslim Mujahedin with whom he might have been able and willing to reach an agreement.

Meanwhile, the American hostages could be kept with impunity. Large scale American military intervention would give rise to a major international crisis in the whole of Middle East, while the Soviet Union would have a right by treaty also to station troops in Iran in such a case. A commando raid to liberate the hostages was almost bound to fail, and the Americans were lucky that it failed in an early stage before there was any confrontation with Iranian forces. The economic boycott that the United States government is calling for will probably do Iran more good than harm. The socialist countries and the major Third World countries are not joining the boycott, while Japan and the West European countries are only doing so half-heartedly. Iran will therefore still be able to import essential products, while the boycott gives the Iranian government a nice excuse to cut down on all kinds of unnecessary luxury imports, a move that might otherwise have been rather unpopular.

### *Bani Sadr's Economic Plan*

Such a move suits well president Bani Sadr's plans for the economic development of Iran.<sup>11</sup> He wants to cut down on the

imports of food and consumer goods to stimulate agriculture and light industries and to be able to slow down the exploitation and exportation of the oil reserves. The Iranian oil that will be saved in this way may be used to develop Iranian industries. Most of the Muslim leaders will probably agree with such a policy. A foreign economic boycott will enable the Iranian government to carry out one of the prerequisites of this programme, a lowering of the level of consumption of urban (lower) middle class groups without raising too much opposition. Muslim doctrine and most Muslim leaders insist, however, on the maintenance, though with some restriction, of private property and of the means of production. It is not impossible to devise a centrally planned mixed economic system where state enterprise will be limited to a few large enterprises while most parts of the economy are left in private hands. But it would take a very strong government to make such a system work, and there are few prospects for such a very strong government in Iran in the near future. So obstruction by bazaar merchants, entrepreneurs and bourgeois intellectuals may not overthrow the present regime, but it may still be able to block its plans for the economic recovery and development of the country.

- Contrary to the situation in many Third World countries, this rightist opposition cannot count on much military support. Some officers may sympathize with them, but it is doubtful if any commanding officer could make his troops march against the orders of the religious leaders. An ongoing deadlock in economic development might, however, enable the left to win the support of the urban masses with a more radical economic programme. The Soviet presence in Afghanistan may have impaired the prospects of the pro-Soviet Tudeh party, but there are some indications that the Fedayin and the Mujahedin are reinforcing their popular support. So, while the Islamic revolutionary ideology has temporarily united social groups with many different interests, it may, in the long run, give rise to a new, secular polarization between a liberal right and a Marxist left.

### *Ethnic Minorities*

The opposition of the ethnic minorities constitutes another pitfall for the Iranian Islamic revolution. Historically, the minority problem in Iran is a creation of the Pahlavi state. In pre-Pahlavi times government authority was weak in the outlying parts of the country and even in the central parts government authority was based on a rather fluid system of coalitions in which ethnic minorities also could play a role. Since there was no national cultural policy, there was no cultural repression either. The Pahlavis

founded a strong, centralized military state, which established effective authority over all parts of the country and was independent of tribal coalitions. Economic development was concentrated in the central, Persian speaking parts of the country. Turkish speaking Azarbayan did not fare too badly, but the Kurdish, Arab, Turkoman and Baluchi areas became economic peripheries and sources of cheap, unskilled migrant labour, in spite of the fact that Iran's main oil wells are located in Arabic-speaking Khuzistan.

The new nationalist ideology was based on Persian linguistic and cultural traditions and monolingual public education was spread over all areas. It cannot be said that there was strong discrimination against members of the ethnic minorities on an individual level, but Pahlavi Iran left them no scope for cultural or regional autonomy. After the second world war, when central government authority was weak, there was unrest in Baluchistan, while autonomous popular republics were proclaimed with the support of the Soviet Union in Azarbayan and Kurdistan. In the framework of an overall settlement with Iran, the Soviet Union soon dropped its support, however, and central government authority was restored with a hard hand.

In principle the Iranian revolution should have led to a more decentralized state structure, but the specific social context of the revolution prevented this. The Kurds, Turkoman, Baluchi and part of the Arabs are Sunni Muslims, and as such somewhat mistrusting towards the political leadership of the Shi'ite *ayatollahs*. The revolutionary committees that took over local authority in these areas were usually constituted by Persian speaking immigrants in the urban centres, which led in several cases to clashes with the local population. The Azarbayani Turks are Shi'ites, but in national politics they have tended to support the only major *ayatollah* of Azarbayani origin, Shariat Madari, who is Khomeyni's major rival within the religious establishment and a proponent of a much more liberal political course.

### *No Immediate Threat*

As we have seen, there is a strong lower middle class element amongst the followers of the religious revolutionary leaders. It is this lower middle class element that is characterized by the rather narrow-minded religious intolerance and the somewhat xenophobic Persian nationalism that strike many observers. Urban lower middle class groups held such views long before the revolution, but now they have for the first time become an important factor in national politics. To these people the idea of political decentraliza-

tion, a multi-cultural society and regional autonomy does not come easily, and none of the major revolutionary leaders has so far had the courage to propose it to them. So any demands for autonomy by the minorities are almost automatically met by force. In some cases, especially in Kurdistan, local rebellions may be stimulated by internal or foreign opponents of the revolution, but such agitators only make use of the already existing conflicts. Military leaders may welcome occasional fighting in Kurdistan as an opportunity to restore the coherence and discipline of the army.

The ethnic minorities are not well organized, and do not constitute a united front together. So there is little danger that the minority problem will lead shortly to the overthrow of the revolutionary regime. It may constitute one more factor, however, which, by maintaining social and political unrest and putting a brake on economic recovery and development, may contribute to the long-term destabilization of the revolutionary regime.

So we see how Islam is being used in various countries as an ideological basis to unite groups with different socio-economic interests. In most countries such an appeal to Islam is made by already existing political parties or factions. In Iran the political vacuum left by 25 years of imperial dictatorship has led to a more direct political and revolutionary role for Muslim religious leaders and the theological and organizational peculiarities of Shi'ism have facilitated such a development.

The question remains, however, why Islam alone among the major world religions can play such a political role. The surprising thing is not that people are influenced by traditional religious norms, and that politicians try to justify their actions in terms of such norms, but that Islamic revolutionary movements can mobilize groups (students, intellectuals, the urban proletariat) which had already broken away from their traditional social linkages. There is certainly no equivalent in Christianity, where fundamentalists tend to be politically conformist, political radicals are not fundamentalists, and revival movements are neither particularly successful nor particularly revolutionary. In Judaism, religious orthodoxy has played a role in the revival of Jewish nationalism (Zionism), but so have many liberals or outright atheists. The most extremely orthodox groups have kept aloof from Zionism, because they thought that only the Messiah could re-establish the state of Israel, and that any human efforts to found a Jewish state were at best irrelevant from a religious point of view.

In Hinduism and Buddhism it is much more difficult to

speak about "fundamentalism", since they have a much more heterogeneous scriptural basis than Christianity, Judaism and Islam. Religious reform, in this case, may just mean a change in accent from one type of scriptural tradition to another. Hinduism and Buddhism have known folk varieties that only held the most tenuous of relationships to any type of scriptural tradition. These folk varieties are probably declining, but they are not being replaced by any type of fundamentalism, but by a more liberal, and sometimes rather lax type of religion.

Through Gandhi, Hinduism has played a role in the Indian struggle for independence, but Gandhi's Hinduism was rather liberal and tolerant. India became a decidedly secular state, and Indian political developments since independence cannot be analyzed in terms of religious revival. Buddhists played a role in Vietnamese nationalism, but were outflanked by the communist element. Many later Vietnamese nationalists seem to have abandoned all religious practice long before independence.

In comparison to the other major world religions Islam has some particular features that may help to explain its vitality.<sup>12</sup> As the latest of the major world religions, Islam is characterized by a minimum of "mythology" (here defined as religiously significant narrative) and by a minimum of ritual.

The Quran refers to a mythological background, including the Old Testament and some presumably oral Arab traditions, which is supposed to be known by the reader. No authoritative version of these stories is given, however, and they are mainly referred to as parables. The only historical fact that is essential for the Faith is the existence of an older monotheist tradition, and that is a fact beyond any historical doubt. The Prophet's biography has been surrounded by a good deal of pious legend, but none of this is essential from a religious point of view, contrary to, for example, the importance of Christ's life history for Christianity.

As for ritual, prayers are standardized but simple and direct and do not contain any elaborate symbolism. Prayers may be said in common as a symbol of the unity of the community of the faithful, but in such communal prayer no ritual is added that is not already present in individual prayer. The pilgrimage is surrounded by some more elaborate customary practices, but these are more a confirmation of the historical continuity of religious practice than that they are given any explicit symbolic or metaphysical meaning.



Islam is therefore in essence a very rational religion, less subject than the other major world religions to intellectual scepticism about myth and metaphysics or modern city dweller's incomprehension of the archaic symbolism of agrarian and feudal societies. Theological speculations about the nature and attributes of the divine are positively discouraged, and Islam is therefore little burdened with metaphysical concepts hallowed by tradition but undigestible to the modern mind. It has been argued that anti-ritualism is in general characteristic of societies where membership of social groups is unstable and flexible.<sup>13</sup> If this generalization is true, it would mean that modern society has a definite anti-ritualistic bias, and Islam as one of the most unritualistic religions would be better adapted to it than most other religions. The Quran and the traditions provide a model for society, but this is a rather rational, almost functionalist model, which is general enough to be adaptable to changing social and historical conditions.

Islam contains one rather different element, however, which may be significant in this context: a fascination with the metaphysical significance of cognitive borders such as that between male and female and between pure and impure. Mary Douglas<sup>14</sup> has elaborated the importance of such a concept of "borders" in religious systems in general, but in Christianity (and in Buddhism) this element has largely disappeared. In Judaism and Hinduism the concept of borders between pure and impure is well-known, but it has a different meaning. In Judaism the obedience to dietary laws accentuates the belonging to an ethnic group; in Hinduism concepts of purity indicate the belonging to a hierarchical level in society.<sup>15</sup> In Islam such concepts of borders are mentioned but not all that much accentuated in the Quran, but they have been elaborated in great detail in the authoritative works on the exegesis of the Quran. The respect of such borders is not seen as a sign of belongingness to an in-group but as a universalist norm that represents a definite step forward in the moral evolution of mankind.<sup>16</sup> The respect of such borders implies an elaborate training in all kinds of often very elementary habits which already starts early in childhood. Such intimate early childhood training provides a psychological link with the Islamic tradition even for people for whom the mystical aspects of religious experience or the intellectual tenet of Islamic doctrine have lost most of their meaning.

While the earlier part of this paper is based on detailed socio-political analysis, the latter part is frankly speculative and

open to discussion. The recent "Islamic revival" needs not only to be explained in terms of socio-political context in which Islam may be called upon as a political ideology, but we should also try to explain the persistence of the vitality of Islam as a religious conviction. It is this vitality that makes possible the use (for better or for worse) of Islam as a political ideology in contexts where the other present-day world religions are being replaced by secular ideologies. There may be other explanations for this phenomenon. However it is hoped that this will start a discussion on a point that has been much neglected in Orientalist studies.

- <sup>1</sup> See A S Bujra, *The Politics of Stratification: A Study of Political Change in South Arabian Town*, Oxford, Clarendon Press, 1970.
- <sup>2</sup> I have defined "fundamentalism" as the tendency to take literally the text of the holy scriptures on which a religion is based. The opposite is "religious liberalism" in which these texts are taken as historical examples of more abstract ethical principles, and not to be applied indiscriminately in different historical context.
- <sup>3</sup> See J A Bill, *The Politics of Iran: Groups, Classes and Modernization*, Columbus, Merrill, 1972; and M Zonis, *The Political Elite of Iran*, Princeton, Princeton University Press, 1971.
- <sup>4</sup> About 1970, the People's Republic of China had some popularity with leftist opposition groups, but since 1971 China had developed quite friendly relations with the Shah's regime. At the moment no organized political group in Iran claims adherence to the Chinese line.
- <sup>5</sup> About labour unions and labour conflicts in the Shah's Iran see "Iran: Trade Unions, Agriculture and Nutrition", *MERIP Reports*, no 71, 1978.
- <sup>6</sup> See H Algar, "The Oppositional Role of the Ulama in Twentieth Century Iran" in N R Keddie (ed), *Scholars, Saints and Sufis, Muslim Religious Institutions since 1500*, Berkeley, University of California Press, 1972; and N R Keddie, "The Roots of the Ulama's Power in Modern Iran", *Studia Islamica*, no 29, 1969, pp 31-53.
- <sup>7</sup> About the political opinions amongst Shi'a leaders since the beginning of the century, see A H Hairi, *Shi'ism and Constitutionalism in Iran*, Leiden, Brill, 1977.
- <sup>8</sup> The Iranian constitution of 1906, which was formally maintained till the recent revolution, provided for a committee of religious leaders to check legislation in contradiction with Islamic law, but this provision was never applied.
- <sup>9</sup> For a detailed analysis of economic development, see F Halliday, *Iran: Dictatorship and Development*, Harmondsworth, Penguin Books, 1979.
- <sup>10</sup> At the moment of writing, when elections had not yet been completed in some rebelling minority areas, the party of the Islamic Republic remained just under the absolute majority, but it was clear that no stable government could be constituted without its support.
- <sup>11</sup> About Bani Sadr's economic ideas, see his recent book, A H Bani Sadr, *Quelle revolution pour l'Iran?* Paris, Fayolle, 1980.
- <sup>12</sup> The following argument has been developed in more detail in a separate article, N O Kielstra, "Law and Reality in Modern Islam", paper presented at the Conference on Religion and Religious Movements in the Mediterranean Area, Amsterdam, 18-20 December 1979.
- <sup>13</sup> See M Douglas, *Purity and Danger: An Analysis of Concepts of Pollution and Taboo*, London, Routledge and Kegan Paul, 1966; and *Natural Symbols*, London, Barrie and Rockliff, 1970.
- <sup>14</sup> *Ibid.*

- <sup>15</sup> See L. Dumont, *Homo hierarchicus: Essai sur le système des castes*, Paris Bibl. d. Sciences Humaines, 1967.
- <sup>16</sup> For a recent work that sees the rise and growth of Islam as an "evolutionary revolution" in human history, see Salal ad-Din Farsi, *Inqilab-e tavakoli-ye Islam*, Tehran, undated. The author is considered a "moderate" by fellow theologians. The general importance of such concepts of borders (especially between male and female and between pure and impure) in Islam is described in A. Bouhdib, *Law sexualité en Islam*, 2e ed., Paris, Presses Universitaires de France, 1979.

KP 3563

DIPANKAR GUPTA

*The Shiv Sena Movement : Its Organization  
and Operation*

PART ONE

THE Shiv Sena movement today is not what it used to be a decade ago. It has lost much of its popularity in Bombay, and is considered by many to be a dying force. Though this is true to a great extent, it cannot however be denied that the Shiv Sena still has some influence in Bombay outside the formal legitimate political structures. As it has never based itself or believed entirely in formal or "democratic" political participation, the mere fact of its diminished strength today among the Bombay municipal corporators should not tempt one to believe that the Shiv Sena is a spent force. As the social and economic factors which brought the Shiv Sena into existence, namely, massive unemployment, imbalance between rural and urban areas of Maharashtra and the overdeveloped industrial structure of Bombay relative to other areas (the uneven development of capitalism) still exist, the Shiv Sena, if given a conducive political atmosphere, could again play havoc.

In this connection, an understanding of the Shiv Sena movement becomes pertinent. In an earlier paper<sup>1</sup> the writer had tried to detail the causes behind the rise of the Shiv Sena and the contradictions that it faced, given its class position and its ideological firmament. In this paper, an attempt is made to present the organizational structure of the Shiv Sena and its method of functioning.

The bulk of the data was collected in a field study in Bombay from 1972 to 1974, from personal interviews and observations. Two short visits were made in 1975 and 1976 to fill in a few gaps in the information gathered earlier. Some of the office-bearers mentioned in this paper have since been removed (notably Datta Pradhan) but the organizational structure has remained the same.

### *Perspective*

An organization may be defined as "a relatively permanent and relatively complex discernible interaction system. Organizations can be observed as a series of patterned interactions among actors."<sup>2</sup> Here the emphasis is clearly not on the mere collection of actors but on the interaction among them. Other sociologists such as Parsons,<sup>3</sup> Cooley,<sup>4</sup> and Max Weber,<sup>5</sup> particularly the last, have given competent definitions of organization. We have presented the definition of Hass and Draabek as it clearly emphasizes the interaction among actors which we consider to be very important. The Shiv Sena organization is, as we shall see later, a formal one,<sup>6</sup> in the sense there are regulations and formal communication and decision making systems, and the actors have different positions and ranks. As a matter of fact, decentralization and differentiation are the hallmarks of all formal and complex organizations as Etzioni,<sup>7</sup> and Blau and Schoenherr<sup>8</sup> have demonstrated.

In this connection a word of caution needs to be introduced. Organizational theorists like the ones quoted above, tend to lean towards a static model, as Allen rightly pointed out,<sup>9</sup> in the sense that to them the robustness of an organization seems to depend largely on factors internal to it. The discussion of conflict is also undertaken within the confines of the organizational structure. A great deal of emphasis is, for instance, put on the functions of goal attainment, commitment, leadership, structural differentiation and so on. Though these organizational theorists, including Crozier, do talk of the environmental influences as well, the environment enters as a passive subject, which has to be controlled, by degrees, by the organization, as it gets more complex and diversified.<sup>10</sup> Such an approach plays down the fact that the capacity to tackle the environmental milieu does not necessarily depend on the degree of complexity of an organization. An organization, we believe, is not sustained solely by its efficiency or by its complex and well demarcated institutional structure, as much as by its capacity to orient itself to the environment in keeping with its stated goals. It is true that for any large scale organization to

survive, a degree of formalization is necessary, but this, along with decentralization, need not proceed apace with its capacity to increasingly expand its area of activity.<sup>11</sup> This point we hope to illustrate in this paper taking the example of the Shiv Sena organization. Certain organizations thrive, as we shall see, with a loose and amorphous structure.

Though the Shiv Sena was more organized in 1974 than in 1966, the increase in organizational complexity did not arise from the internal dynamics of organization so much as the pressing influences that the social milieu exerted on it. It had to take up diverse issues and expand its support base if the Shiv Sena were to survive as a vital organization and also protect the interests of those it purported to.

Another issue which needs to be raised before we go into the empirical analysis of the organization of the Shiv Sena is the issue of charisma and institutionalization. According to Weber, as institutionalization and formalization increased, charismatic authority receded. However, we find that this is not borne out in the case of the Shiv Sena. Bal Thackeray, as we shall see, is in many ways a typical charismatic leader which allows him to exercise complete dictatorial authority over the organization. But Thackeray himself encouraged a certain amount of formalization in the organization without losing either his grip over it or his charisma. Secondly, in the process of diversification of the organization, Thackeray's charismatic appeal reached out to wider sections, and a larger number of people were also made aware of Thackeray's "superior abilities" by his lieutenants and supporters. Therefore, instead of chipping away at his charismatic authority, the diversification actually helped to build it up. The concrete case of the Shiv Sena is interesting in this respect.

It might also throw some light on the fact that the incidence of charismatic authority or of its fading away, is not so much an individual or organizational phenomena as it is a social one. One needs to examine more thoroughly the peculiar concurrence of social and individual factors which build and break charismatic authority.

With this brief theoretical exercise let us proceed to describe the Shiv Sena organization. We shall discuss them in the following sequence: a) the emergence of the organization; b) organizational structure; c) components and their activities; d) mobilization and diversification; e) leadership, decision-making, control and communication; f) recruitment.

### *Emergence of the Organization*

When the Shiv Sena was started in 1966 it centred mainly around Bal Thackeray (the *Sena Pramukh* or chief of the Shiv Sena) which, to a great extent, it does even today with the modification that there are certain officials now who look after specific branches and activities of the Shiv Sena.

After his first public meeting on 31 October 1966, Bal Thackeray was besieged by his wellwishers and sympathizers to set up the Shiv Sena in an organized manner right away. Most of them wanted to participate in the Shiv Sena actively so as to voice their discontent with their lot. The effect was sudden, forceful and unexpected.<sup>13</sup> The Shiv Sena was not preceded by an organized structure. It was purely an individual effort of Bal Thackeray and his few close friends. Since Thackeray was at one time a member of the Rashtriya Swayamsevak Sangh (RSS), the first model that came to his mind was that of the RSS. He asked his supporters to open *shakhas* (branches) and his associates went round propagating this line of action. What form these *shakhas* should take, where they should be set up and what functions they should perform were left unspecified. Further, in this period neither Thackeray nor his associates knew anything about those whom they were asking to start the *shakhas*<sup>13</sup>.

Gradually, names of people popular in certain areas were brought to their notice, and Thackeray, with his friends, went round and contacted them and canvassed for their support. Many of them joined the Shiv Sena. But, according to Thackeray, these were very few. Most of the people who joined the Shiv Sena were not known for any particular organizational ability. The Shiv Sena had just begun and, therefore, it needed as many members as possible to get off the ground. As Bal Thackeray put it: "I did not want to hold up the movement. Everything was happening too quickly for me, so I let the tide take me with it, but I constantly maintained that those who join me should be willing to obey me as their leader. I don't believe in your so-called democracies."<sup>14</sup>

When the 1968 municipal elections came up and the Shiv Sena decided to contest them, they found that this could be best done by a rational distribution of *shakhas*. These *shakhas* would help circulate propaganda and facilitate systematic campaigning. By this time they had sufficient members and a good number of *shakhas* which they could distribute more rationally, covering as many municipal wards as possible. They kept one *shakha* for each ward, and if another *shakha* fall in the same area it was to be

shifted to the adjacent ward if there was none there and they had sufficient supporters living there.<sup>15</sup> If there were no *shakhas* in the nearby wards then the other established contiguous *shakha* member would help in getting them started. They did this with the support of their friends or other committed Shiv Sainiks. Very often they would hold a small meeting prior to the inauguration of the *shakha* and this meeting would be addressed by one of their leaders.

The Shiv Sainiks did not face any serious difficulty in starting new *shakhas* as their range of social activities spilled over their ward boundaries and their enthusiasm was spontaneous. After the *shakhas* were started the Shiv Sainiks were given the specific job of canvassing for their candidates for the coming municipal elections.

The victory of the Shiv Sena in 42 wards of Bombay in 1968 brought about a further expansion of its organization. The corporator or *nagar sevak* now had an office of his own and worked in collaboration with the *shakhas*. In 1969, Datta Pradhan joined the Shiv Sena. He was formerly a Jana Sangh partisan, and he still retains strong ties with this party.<sup>16</sup> He was appointed the *sangathan pramukh* (chief organizer) and was given the special task of expanding, diversifying and formalizing the organization. He enlarged the existing number of *shakhas* to cover the 140 wards of Greater Bombay. Above the *shakha pramukhs* (*shakha* chiefs) were now the *vibhag pramukhs*,<sup>17</sup> who were in charge of an area roughly equivalent to a parliamentary constituency.

Later in 1969 two major changes took place in the organizational structure. Firstly, Datta Pradhan was removed from the position of *sangathan pramukh* and a nine-member advisory body or *karya karani*, was established instead. Secondly, the *chattra shakha* (students' wing) was also disbanded.<sup>18</sup> The organizational structure of the Shiv Sena, as it stands now, was completed by the second half of 1970.

### *Organizational Structure*

Bal Thackeray is the chief of the Shiv Sena, and there is nobody in the organization who is either equal to or above him in any field of activity within the organization. He is followed by the *karya karani*, a kind of advisory body. There are nine members on this body. These members have, with the exception of Shyam Deshmukh and Madhav Deshpande, specific responsibilities in the various wings of the Shiv Sena. Deshmukh and Deshpande are generally assigned duties from time to time depending on the circumstances. In the next rung are the five major organizational



components of the Shiv Sena. These are i) the *shakhas*, ii) the Corporation, iii) the Bharatiya Kamgar Sena (the labour wing), iv) the employment bureau and v) the *chitrapat shakha* (film industry wing). Of the five, the first three are more important. In keeping with their relative importance, the leaders of these three components are also members of the *karya karani* with delegated authority. We shall now discuss each of the five components in greater detail.

### *The Organizational Wing*

The *shakhas* are the "organizational wing" primarily because they take the major responsibility of organizing the Shiv Sena activities. It is also through the *shakhas* that the Shiv Sena retains its contact with the masses. They are the backbone of the Shiv Sena. One municipal ward of 25,000-30,000 voters is under the jurisdiction of a *shakha*. In 1969, *vibhag pramukhs* were appointed for a speedier and smoother functioning of the *shakhas*, so that the *karya karani* and Bal Thackeray would not be bogged down by minor problems. Every *vibhag pramukh* has three *upa vibhag pramukhs* (assistants) and every *shakha pramukh* has one *upa shakha pramukh*. Besides this, in every *shakha* there are several *gata pramukhs*, whose appointment is largely unofficial. The *gata pramukhs* are instrumental in mobilizing support for the organization in and around the areas where they live. If it is a biggish *chawl*, then there may be two *gata pramukhs*. The lane or *mohalla* in which a *gata pramukh* lives is usually under his jurisdiction.

The *shakhas* are probably the most developed component of the Shiv Sena organization. They have helped to strengthen and expand the Shiv Sena's mass base. The only other component with an approximate status and an independent mass base is the Bharatiya Kamgar Sena. The *shakhas* are mobilized whenever members have to be mustered physically as a show of strength for any occasion.

Till 1967 no systematic work was undertaken in the *shakha* offices. It was only after the 1968 municipal elections that the *shakhas* with their *shakha pramukhs* and other officials were given specific duties, and a *modus operandi*, so to say, was established.<sup>19</sup> On week days the *shakhas* normally open at 5 in the evening after office hours when their members are free to participate in Shiv Sena activities.<sup>20</sup> They handle all kinds of problems "from husband-wife quarrels to leaking pipes and employment problems."<sup>21</sup> They accept all kinds of people too, regardless of their caste or religion, but never a communist (if he is known to be one). Christians and Muslims can be seen frequenting their offices often enough, though

one only rarely comes across a South Indian in their *shakha* offices. Yet many Shiv Sainiks have South Indian friends.

The *shakha* offices in Bombay are small, one or two roomed structures which are not always built of brick and mortar. In the Santa Cruz ward, for instance, the office is housed in a tin shed. But they are situated in the most conspicuous positions, that is, near a railway station or in the market place. The saffron Shiv Sena flag flies prominently on top of the offices, and there is a board near the entrance which displays the Shiv Sena emblem of a tiger head. There is no officiousness pervading them. It is a relaxed comfortable place, where the young men come to talk and while away their time. Most offices have a carrom board, and some, like the Dadar *shakha*, even have a small lending library. It is generally the most convenient meeting place for the youth of that locality. One is not permitted to enter the *shakha* office with one's shoes on, and this custom is followed in most Marathi middle class homes. Smoking is also prohibited inside the office.<sup>23</sup>

The *shakha* offices are generally busy in the evenings with a row of people waiting to meet the *shakha pramukh* with their complaints. Sometimes the corporator of the ward also sits in the *shakha* office. The *shakha pramukhs* of different wards cooperate with each other. In one case, for instance, a Christian lady of Goregaon ward came to the Goregaon *shakha* because she had been dismissed from the factory where she worked, and the payment due to her had also been held up. This factory was in Warli. So the *shakha pramukh* of Goregaon, together with the *shakha pramukh* of Worli and Dadar worked on her case and managed to persuade the factory management to pay her salary.

Regarding their methods of getting things done, the *shakha pramukh* of Goregaon said: "When they come to know that we are from the Shiv Sena half our job is done. But if this does not work then we look around and see if there are any unauthorized structures and the like in the factory. All these businessmen do something or the other which is illegal, either by building unauthorized structures or by taking up small strips of land which are not legally theirs, or overusing their power quota. We know of these things. But when we have to pressurize them then we investigate more thoroughly and with the help of our connections in the corporation we can land a businessman in serious trouble. This method is very useful, we do not always believe in using force."<sup>23</sup>

The *shakhas* generally excel in municipal work like building and repairing roads, solving drainage and water problems. The



bulk of their day to day activity is of this kind. The complaints are taken down in writing, and then their corporators, if they have any in that ward, are appraised of the problem. If they do not have any corporators then Shiv Sainiks take the case to their other corporators and help to solve the problem. In this process many Shiv Sainiks have learnt the formalities and procedures of getting things done in the corporation. This alone is a big help to the complainants of the ward as they are mostly unaware of the complex procedures of the municipal corporation. In rural and semi-rural areas outside Greater Bombay they have to face different problems like those of land rent, the fixing of water and electricity connections, the problem of state transport buses and so on.

The *shakhas* participate heartily in cultural festivals like the Ganapati, Janamashtami, and Shivaji Jayanti, and they usually organize these festivals in their locality. These festivals are occasions for building up the Shiv Sena ethos. Even in areas which are not preponderantly Maharashtrian, like Colaba, on Ganapati day hordes of boys walk on the streets with Shiv Sena vests, and the saffron flag is seen everywhere. The entire Shiv Sena machinery is activated during these festivals.<sup>24</sup> This draws even the non-partisan Maharashtrian closer to them. They also organize theatres for popular entertainment at a nominal charge. This serves the dual purpose of raising funds for their organization and also helps them come closer to the mass of uncommitted Maharashtrians. Besides, they also patronize small cultural associations like "Prabhodhan" which are non-partisan.<sup>15</sup>

The *shakhas* in both the urban and in the rural areas have to deal quite frequently with the police and the law. If any Shiv Sainik is arrested it is the duty of the *shakha* to arrange for his bail, for his lawyers and for his ultimate release. They have their own lawyers. These lawyers are not always members of the Shiv Sena, but friends of the *shakha* or *vibhag pramukh*, or of Thackeray.<sup>25</sup> Some of them have also joined the Shiv Sena and have become corporators.

We have in this section elaborated mainly the normal day to day activities of the *shakhas* and their routine dealings with the members of their respective wards. But the *shakhas* are, as a matter of fact, the main prop of the Shiv Sena organization. They permeate the entire range of Shiv Sena activities. The *shakhas* are the basic units through which the Shiv Sena reaches out to the rank and file of the population. They are primarily responsible for enlarging and consolidating the mass base of the Shiv Sena.

The fine showing of the Shiv Sena in the municipal corporation elections of Greater Bombay in 1968, when they won 42 seats, immensely enhanced its prestige. After the Congress, the Shiv Sena had the largest number of representatives in the corporation. Also the presence of Shiv Sena corporators eased the task and increased the efficiency of the *shakhas*.

The corporators are generally older than the *shakha pramukhs* and will have earned a certain amount of respectability through age, education and experience. But many of the corporators were not Shiv Sena activists before they were elected. Two Shiv Sena corporators, Hem Chandra Gupte and Sudhir Joshi, were elected Mayors of Bombay in 1970 and 1973 respectively.

In the corporation building the Shiv Sena has a *gata* or unit, staffed with a clerk and a typist. Before the corporation meeting is called they assemble in an adjoining room and discuss the important issues for the day. These meetings are held in an atmosphere of mock seriousness. In the corporation, Shiv Sena's participation is not confined to the Maharashtrian problems alone; a variety of issues are dealt with such as the building of over-bridges, display of the advertisement hoardings, the proper administration of housing board and so on. In some cases this has led to a softening in the earlier rigid stand of the Shiv Sena on certain issues. Earlier the Shiv Sena wanted all slums removed. But after coming to grips with the actual situation, they say the slums should continue when definite alternative housing is not assured. Alliances in the corporation are of significance only on two occasions—before the corporation elections and during the mayoral election.<sup>27</sup> The Shiv Sena members in the corporation and the Maharashtra Legislative Assembly (there are only a couple of them in the Assembly) take up issues on which the Sena is agitating not with the intention of getting the sanction of these bodies but to popularize their programme and ideology. In the Council Hall the issues are broader but the Shiv Sena normally deals with problems pertaining to Bombay.<sup>28</sup>

The corporators are most effective when they work with the *shakhas*, solving civic problems, which because of their presence in the corporation they are able to handle promptly and efficiently. The corporators, outside the corporation, are, in many ways, an arm of the *shakhas*.

### *Bharatiya Kamgar Sena*

The Bharatiya Kamgar Sena (BKS), the trade union wing of the Shiv Sena, was started in 1968. The BKS has one president,

a general secretary, a secretary, eight field workers, legal advisors and office staff. The field workers and office staff<sup>2</sup> are recruited from among the Shiv Sena activists. The field worker's job is to assess the employment and working conditions of various factories, and to keep the BKS supplied with valuable information. The BKS membership is around 25,392<sup>30</sup> with approximately 300 units in various factories.

The leaders of these units assemble and meet the president of the BKS regularly, although there is no fixed schedule. Their meetings are held more frequently when there is an issue at hand, like a strike or an impending strike or some other industrial crisis.

The BKS was inaugurated in 1968 with the specific intention of wiping out communism from the minds of the workers in the factories. The president (Datta Salve) said: "We did not like what we saw. The workers were shouting 'Lal Bauta Zinbabad' in the factories but were Shiv Sainiks outside. We said that if we don't remove this corrupt menace from the workers' minds inside the factories, the communists will always have a place to stand."<sup>30</sup>

The BKS is not the only Shiv Sena trade union wing. Besides it, there are also the Bombay Electric Supply and Transport (BEST) Kamgar Sena run by Datta Pradhan, and the Mazgaon Dock Union where the Shiv Sena is the sole union, controlled again by Datta Pradhan. These trade unions are not independent of either the Shiv Sena or Bal Thackeray.<sup>31</sup>

The BKS does not believe in class struggle but in cooperation between workers and the management. "The workers and management in the factory are the two wings of production."<sup>32</sup> But "if the management is '*bekoof*' then we have to fight."<sup>33</sup> After 1968 many factory owners asked the Shiv Sena to set up a unit in their factories, to counteract the influence of the existing union, as they did in the case of T Maneklal and Voltas factories.<sup>34</sup> In the first year 55 unions were set up, and many workers joined them.<sup>35</sup> "After the Shiv Sena started, many businessmen cleverly made friends with Thackeray and established personal relations with him. Some even went to him with the labour problems in their factories."<sup>36</sup>

Besides the BEST and Mazgaon Dock Union, (which are relatively autonomous from the BKS, the BKS has a strong hold in International Tractors, Larsen and Toubro, Ambarnath Factory, Indo-Burma Petroleum, Special Steel, Maneklal, Nirlon, Vitram Glass, Nelco, Standard Mills, Excel Products and Nerolac.

Yet the BKS and Datta Pradhan's trade unions depend on the *shakhas* for physical support and for mobilization. The *shakhas* prop up weak factory units until they are strengthened. They also, under Bal Thackeray's directives, pressurize the BKS workers to accept a settlement which they are not in favour of. For instance, in 1969, Thackeray directed the *shakhas* to break the strike in Maneklal when the bulk of BKS workers were against it. To quote Dhume of the All India Trade Union Congress: "The Chief's presence compels them to do it and on the next day a Satyanarain puja is held, Thackeray is garlanded, Shivaji's statue is garlanded and the Shiv Sena is declared successful."<sup>37</sup>

Generally, the Shiv Sena has been successful in getting wages raised for the workers (for example in Larsen and Toubro in 1973).<sup>38</sup> This enhances the attraction of the BKS to the workers. "The workers now have no loyalty to the union and are only in search of higher wages and if any body ever promises to give them a higher wage they will leave the union and join up with him."<sup>39</sup> However, with gradual maturing there have been a few important developments not only in the BKS relationship with the managements but also in the programme and ideology of the organization. Where the BKS is the dominant union it is at times forced to ask for wage increments. But there is a tendency not to aggravate the issue. Sometimes, however, things come to a head as they did in Nelco in 1973, for instance. An executive of Premier Automobiles said: "In the absence of other unions the BKS takes the initiative in asking for higher wages. Of course, they don't strike work at the drop of a hat. But what bothers us more is their reluctance to work."<sup>40</sup> The BKS has also been forced to accommodate non-Maharashtrian workers. The union in Vitrum Glass Factory is supported largely by Muslims from Uttar Pradesh. In spite of its general opposition to strikes, quite often it has to acquiesce in, out of fear of being isolated from the mass of workers. Thus in the 42-day textile mill strike in 1973, in spite of its steering clear of committing itself, BKS did not oppose the workers and the strike as such. Datta Salve said: "If the demand is just we fight with the Communists but we always maintain our separateness. We do not enter into any agreement with them."<sup>41</sup>

### *The Employment Wing*

Though the Shiv Sena has what it calls an "employment bureau", its functions are, as a matter of fact, conducted through the *shakhas* in each locality. Three Shiv Sainiks are entrusted specifically to look after the employment of Maharashtrians in the

various offices and factories of Bombay. The employment bureau does not have a separate office; the *shakha* offices serve its purpose. Also the brunt of the work is carried out through the *Shakha pramukhs* or the *vibhag pramukhs* or their deputies. It is only in situations where the management is reticent, or where discussions are necessary on the general principles of employment that one of the three looking after the employment bureau is sent to negotiate. In every important office, a senior leader like Manohar Joshi or Navalkar is sent to negotiate.<sup>42</sup>

Arun Joshi and Dandekar work in the Bank of America. Prior to joining the Shiv Sena they felt they were being persecuted by the management. This brought them to Navalkar whom they personally knew. Navalkar took them to Thackeray. Thackeray supported their stand in the bank. This drew them closer to the Shiv Sena, and Thackeray decided to appoint them in charge of employment in the Shiv Sena organization.<sup>43</sup> A new branch office was not opened in this case; instead they were absorbed into what already existed.

Regarding employment, the Shiv Sena stand is that jobs that do not require any special skill should be given to Maharashtrians without the slightest demur. In white collar occupations, similarly, they feel that Maharashtrians can easily be employed as clerks, in hotels as lobby managers, bell hops, waiters and so on.<sup>44</sup>

Every *shakha* office has printed forms for those who are looking for jobs. These forms have various columns eliciting complete information regarding the applicant's education, experience and economic background. Highly educated people with masters degrees in science and arts and even engineers figure in these forms. When the Shiv Sena officials get any information regarding vacancies they submit these applications depending on the type of job. They claim that over 2,000 persons have been employed in this way. But again there are no records to prove this.

In 1972, the *sthaniya lohadhikar samiti* was formed.<sup>45</sup> This is a sort of a para-union organized in various government and commercial offices to rally the salary earners and the white collar workers under the general umbrella of the Shiv Sena. Amongst the bank and insurance employees there are 12 such *sthaniya lohadhikar samitis*. They have units in important offices like the Reserve Bank of India, the State Bank of India, Bank of Baroda, the Bank of America, the Accountant-General's office, the Life Insurance Corporation and the General Insurance Corporation. They demand that i) 80 percent of fresh employment should go to Maharashtri-

ans; ii) there should be no harassment of Maharashtra workers, and their promotions and transfers should be just.

The *karya karani* and Bal Thackeray feel that the *samiti* is a powerful weapon in their hands. According to Thackeray, "65 percent of our economy is concentrated in Bombay, and 85 percent of bank headquarters are in Bombay. If the Shiv Sena gets a hold in them we can, if any day a demand comes up for separating Bombay from Maharashtra, create panic in the financial circles. The Prime Minister will have to come and negotiate with us. So you see we are working with a deeper understanding."

### *Chitrapat Shakha*

Though the *chitrapat shakha*, established in March 1970, is very small compared to the *shakhas* proper or to the BKS, it brings in a lot of money, publicity and glamour. It is concerned with the film industry and is in charge of G Shidke, a Maharashtra film producer and a close friend of Bal Thackeray. Shidke's official designation is *chitrapat shakha pramukh*. He is assisted by a three-member *sallaghar sabhasad* (advisory board), of whom two are non-Maharashtrians, and four *karyakari sabhasads*. In all, Shidke has 11 officials to assist him and the *chitrapat shakha* has 1,200 members.

According to Shidke, the primary motive of the *chitrapat shakha* is to fight injustice. "Marathi films were not getting proper theatres for their exhibition and this scarcity dealt a bad blow to Marathi producers. Marathi producers were advised by the *chitrapat shakha* to book their movies for exhibition through it. For this purpose it opened a special department called the Shiv Sena *chitrapat vitaran* (films distribution) and its first client was the producer of the Marathi film *Nandini*. In 1972 the *chitrapat shakha* started its *Kalakar Sangh* to promote junior artists and to "introduce new faces at reasonable rates."<sup>46</sup>

Even before the *chitrapat shakha* was formed, Bal Thackeray was sensitive to these issues and many Shiv Sainiks had picketed a few halls which did not release Marathi films on time. They had also attacked certain films because they were supposedly propagating a vicious culture. With the *chitrapat shakha* coming into existence their activities became more intense and organized.

The *chitrapat shakha* is patronized by many prominent stars.<sup>47</sup> It is a rich source of Shiv Sena funds. The fact that as much as Rs 12 is charged from the lowest technician for his membership (no membership fees are charged in the *shakhas*; all con-



tributions are voluntary) testifies to this. The rates are higher for the better paid artists and stars. A prominent Shiv Sainik said: "It is good to suck money from such people. What is the harm? It helps us."

The functions of *chitrapat shakha* are similar to the Shiv Sena's other functions. They shout the same slogans with the same gusto. Their functions begin by garlanding a bust of Shivaji with the slogan "Bal Thackeray Na Pramukh Zindabad". The Shiv Sena through the *chitrapat shakha* also awards Shiv Sena prizes to the best actor, actress, supporting actor-actress, music director and so forth. But ironically many non-Maharashtrian stars take away the awards.

Neither the *chitrapat shakha pramukh* nor any of its members figure either in the regular meetings of Bal Thackeray and the *shakha pramukhs*, or of the *karya karanis*. They meet Bal Thackeray separately and informally. Many other Shiv Sainiks do not appreciate this and feel that Thackeray should not give them too much importance for they do not work with the mass of the Shiv Sainiks. Datta Pradhan feels that as the *chitrapat shakha* is run by a producer it addresses itself mainly to producers' interests. "Shidke does not pay much attention to the problems of the workers and technicians." But he does not deny the importance of the *chitrapat shakha*. He agrees with Bal Thackeray's view when he says "we must enter into all aspects of our life. The film industry is not only a source of employment, but it also affects the Marathi way of life and can strengthen our patriotism."

(To be concluded)

<sup>1</sup> Dipankar Gupta, "The Causes and Constraints of an Urban Social Movement", *Contribution to Urban Sociology* (NS), Vol 11, No 1, 1977.

<sup>2</sup> J E Hass and T E Draabek, *Complex Organisations*, New York, Macmillan, 1973, p 73.

<sup>3</sup> T Parsons, *The Structure and Process in Modern Society*, Illinois, Free Press Glancoe, 1960, p 17.

<sup>4</sup> C H Cooley, *Social Organisation*, New York, Scribner, 1915, p 6.

<sup>5</sup> H H Gerth and C W Mills, *From Max Weber: Essays in Sociology*, New York, Oxford University Press, 1964.

<sup>6</sup> Amitai Etzioni, *Complex Organisation*, New York, Free Press, 1961, p xi.

<sup>7</sup> *Ibid.*

<sup>8</sup> Peter Blau and Richard Schoenherr, *The Structure of Organisation* New York, Basic, Book Inc., 1971, p 300.

<sup>9</sup> V L Allen, *Social Analysis, A Marxist Critique and Alternative*, London, Longman, 1975 pp 69 ff.

<sup>10</sup> M Crozier, *The Bureaucratic Phenomenon*, University of Chicago Press, 1971, p 136.

<sup>11</sup> See Blau and Schoenherr, *op cit*, p 300.

<sup>12</sup> Personal interview with Bal Thackeray, September 1978, Bombay.

<sup>13</sup> *Ibid.*

- 14 *Ibid.*
- 15 There is no record of the positions of the *shakhas* earlier and their degree of concentration. Even the Shiv Sainiks do not remember correctly. But in certain areas like Dadar there were as many as three *shakhas*.
- 16 Personal interview with Datta Pradhan, May 1973, Bombay.
- 17 *Pramukh* literally means the chief or the leader.
- 18 Bal Thackeray said, "Students should study. That is their job." According to A K Bhawe, "there is nothing special about the *chattri shakhas* which other *shakhas* cannot do. Balsaheb (Bal Thackeray) is also against college politics", personal interview, February 1973, Bombay.
- 19 However, till today the maintenance of records is very poor and haphazard. Vital information like the number of members has not been kept at all.
- 20 Most of the Shiv Sena officials hold a job.
- 21 Personal interview with Pramod Navalkar, February 1973, Bombay.
- 22 The Shiv Sainiks do not smoke in Thackeray's presence as he is something of a father figure. Some Shiv Sainiks say that smoking is prohibited in the *shakha* offices because they are very small. Others say that a *shakha* office is a sacred temple of Shivaji, and one does not smoke in a temple.
- 23 Personal interview, October 1973, Bombay.
- 24 The ordinary Shiv Sainik is quite religious. Ganesh is the most popular diety in Maharashtra, and many Shiv Sainiks display the idol both in their offices and in their homes.
- 25 There are two Shiv Sainiks in the committee of the Probhodhan. But this does not make much difference as there is no formal membership in the Shiv Sena. The Prabhodhan, however, is not pro-Shiv Sena or ideological in its activity. It is mainly concerned with putting up plays and cultural items.
- 26 The lawyers are mostly Maharashtrians. But there are also non-Maharashtrian lawyers who work for the Shiv Sena.
- 27 Both in 1968 and 1973 they formed a tacit alliance with the Republican Party of India. For the mayoral election of 1973 it came to an understanding (unconfirmed though it is) with the Congress (R) whereby the latter would not use the state machinery to crush the Shiv Sena sponsored Bombay Bandh of December 1973.
- 28 See *Maharashtra Vidhan Sabha Proceedings*, Bombay, Maharashtra Legislature Secretariat, Vol 31-36.
- 29 This figure is for the year ending 31 December 1973 and obtained from the office of the Registrar of Trade Unions, Maharashtra State, Bombay.
- 30 Personal interview with Datta Salve, August 1973, Bombay.
- 31 According to a legal adviser, the BKS is independent of the Shiv Sena. But Datta Salve put this speculation to rest. "We are a branch of the Shiv Sena and will always be." (Personal interview, October 1973, Bombay).
- 32 Datta Salve, *Rajshree*, Vol 9 No. 7, Special Issue, August 1972.
- 33 Personal interview, August 1973, Bombay.
- 34 Personal interview with B S Dhume, April 1973, Bombay. But in Johnson and Johnson, for instance, where the BKS is strong, the management supported Bombay Mazdoor Sabha, a non-party union. Personal interview with Dhup, December 1973, Bombay.
- 35 Personal interview with Datta Salve, August 1973, Bombay.
- 36 Datta Pradhan, in personal interview, May 1973, Bombay.
- 37 Personal interview, June 1973, Bombay.
- 38 For a text of this agreement see B S Dhume, *Treachery of Bharatiya Kamgar Sena*, Engineering and Metal Workers Union, AITUC, Bombay.
- 39 P K Kurne of CITU, in personal interview, July 1973, Bombay.
- 40 Personal interview, November 1973, Bombay.
- 41 Personal interview, September 1973, Bombay.

- <sup>42</sup> In Air India disturbance, for instance, in 1973.
- <sup>43</sup> Personal interview with A. Joshi, December 1973, Bombay.
- <sup>44</sup> Personal interview with Manohar Joshi, March 1973, Bombay.
- <sup>45</sup> Datta Pradhan considers the SLS to be a wing of the trade union of the Shiv Sena. But as it deals mainly with employment, we are discussing it in this section.
- <sup>46</sup> Brechure of *Chitrapat Shakha*, Second Anniversary Number, March 1972.
- <sup>47</sup> *Ibid.*

MRIDUL EAPEN

## *Trends in Public Sector Employment and Earnings*

### PART TWO

AN attempt is made in this part to study the changes in per capita real earnings in the public sector as a whole and also their movement for i) different constituents of it and ii) different categories of government employees.

#### DATA BASE

Data on earnings are difficult to obtain. It has been pointed out by P Venkataramaiah<sup>1</sup> that in looking at changes in real earnings of employees what one ideally needs is time series data on wages of each type of worker having the same type of skill. This information should be available for the different sectors, public and private, and within each sector for the different industrial groups. Such data are however not available.<sup>2</sup>

Time series on monthly per capita real earnings of factory workers have been constructed by the Labour Bureau<sup>3</sup> for those earning i) below Rs 200 per month from 1939 to 1951 and then again from 1951 to 1964 and ii) more than Rs 200 but less than Rs 400 per month from 1961 onwards, the assumption being that all those in a particular pay range have similar skills.<sup>4</sup> These data are based on the Annual Returns of the Payment of Wages (POW) Act 1936.<sup>5</sup>

Statistics of per capita *daily* earnings of employees in all

major industrial groups are also collected under the Collection of Statistics (COS) Act 1953 as part of the *Annual Survey of Industries* (ASI) and published by the Labour Bureau.<sup>6</sup> They refer to the larger units or the Census sector. These data, though collected separately for i) workers and ii) supervisory/managerial staff, are published as an average for *all* employees. They cover, therefore, not only all *workers* irrespective of pay range but also non-workers. Venkataramaiah<sup>7</sup> has built an index of per capita real earnings of factory employees based on ASI data but not strictly comparable with the COS data on earnings.<sup>8</sup>

### *The Major Limitation*

A major limitation with these data on earnings, hardly touched upon by the users of these data, is that they are beset with conceptual problems which impair comparability and reliability. This arises from four main sources: i) definition of earnings, ii) coverage of employees, iii) changing skill composition of workers whose earnings are being studied and iv) choice of a price deflator for estimating real per capita earnings.

The definition of "earnings" varies widely from one source to another, mainly because of difference in the treatment of allowances and other benefits (both in money and in kind). Some times earnings may refer only to basic wages/salaries; in most cases, however, some or all other allowances, including annual bonus and retirement benefits, are included. The POW Act collects data on wages which relate to a) basic wages, b) cash allowances such as dearness, compensatory, house rent, production/efficiency bonus. It excludes the value of certain benefits in kind such as house accommodation, supply of light, water and so on. Travelling allowance or value of any travel concession is also excluded. On the other hand, the COS Act defines earnings as all those items included under the POW Act but excluding annual or profit sharing bonus. However, imputed value of certain individual benefits in kind such as transport, accommodation, light, water and others are included. Both refer to *gross* earning, that is, before deductions for fines, damages, taxes, contribution to provident fund and Employees State Insurance. It may be seen that besides the above differences between these two sets of data there are certain other items of labour cost which both do not cover. For example, employer's contribution to the provident fund, gratuity payable on discharge and imputed value of certain group benefits in kind such as schools, creches, hospitals, canteens are not included. Table I

TABLE I  
PERCENTAGE DISTRIBUTION OF TOTAL LABOUR COST INTO ITS VARIOUS  
COMPONENTS

Year	Salaries/wages, allowances	Profit sharing bonus	Benefits in kind	Old age benefits	(percent)	Total
					Other social security charges	
	(1)	(2)	(3)	(4)	(5)	
1963	84.9	6.3	2.4	4.9	1.5	100.0
1964	85.8	5.0	2.3	5.4	1.5	100.0
1967	84.4	5.3	3.1	5.5	1.7	100.0
1968	84.2	5.1	3.1	5.8	1.8	100.0
1969	84.2	5.3	3.0	5.8	1.7	100.0
1970	83.4	5.2	3.4	6.0	2.0	100.0
1971	82.4	6.1	3.5	6.1	1.9	100.0
1973	81.0	6.7	3.7	6.7	1.9	100.0
1974	80.8	6.7	3.8	6.8	1.9	100.0

SOURCE: *Indian Labour Year Book*, various issues.

NOTES : 1) These data are based on labour statistics collected under COS Act.

2) We have taken all years for which data are available

3) Col 3 includes both individual and group benefits.

(based on data collected by the COS) gives the break-up of total labour cost into its various components.

While column (1) is covered in both POW and COS, the former excludes individual benefits (which would account for about 1 per cent of all benefits in kind) and the latter bonus (6-7 percent). Both exclude approximately 9-10 percent of labour costs under columns (4), (5) and part of (3). The inclusion/exclusion of certain allowances/ benefits would thus affect the average earnings per employee, depending on the source used. Also, the ratio of such allowances/benefits has risen from about 15 percent in 1963 to 20 per cent in 1964 so that the rate of growth of earnings in the inclusive series would be higher than if we consider only pay and dearness allowance. Within the narrower definition of earnings as opposed to total labour costs, the POW data are perhaps more inclusive.

However, the POW Act covers only earnings upto Rs 400. This tends to give the data a downward bias, since workers whose earnings rise above Rs 400 per month would drop out of the index. On the other hand, COS data, which cover all workers and non-workers, are more inclusive in the coverage of employees. And this gives it a pronounced upward bias since it obviously includes a higher proportion of better paid jobs. Hence the two sets of data are not comparable. However, these data have been used to show

the least and the most favourable indices of per capita real earnings of factory employees and to study their movement over time.<sup>9</sup>

Related to the above is the problem of changing skill/category composition of employees over time which would affect average earnings<sup>10</sup> unless one studied earnings for a single skill/category. The introduction of new technology and skill intensive industries in India since independence and the fact (as we mentioned in part one, *Social Scientist*, March 1980) that class I and II posts in Central Government service have risen faster than the lower categories, would raise average earnings over time without any change in the average for each component category.

### *Question of Deflator*

Finally we have the problem of an appropriate deflator for estimating indices of per capita real earnings. Most often the Working Class Consumer Price Index (CPI) (base 1960=100) is used to deflate the indices of money earnings per worker. While this may be acceptable in the case of POW data on earnings, which cover workers earning upto a maximum of Rs 400 per month, it is questionable in the case of COS earnings data, which include the technical/managerial staff also. This is so since the CPI assigns a very high weightage to food and hence does not reflect the pattern of consumption in the higher salary groups. (The same problem arises when we study the movement in real earnings of Central Government employees by classes). And since the rate of growth in this price index has been faster than any other, this would unduly depress real earnings as estimated by the COS. For these groups the CPI for urban non-manual employees is more relevant; however for the higher income groups the problem of an appropriate deflator still remains.<sup>11</sup>

The data on earnings in the public sector are even more scanty. Some data exist on per capita real earnings in the private sector, but no such information is available for the public sector as a whole or for large constituents within it such as a) administration, b) departmental enterprises and c) non-departmental undertakings. Some class-wise information is available regarding Central Government employees (railway employees, in particular) and mining workers, who can now be regarded as public sector employees.<sup>12</sup> While the earnings of Central Government employees are defined very narrowly as basic pay plus dearness allowance (on which we shall comment later) that of railway and mining workers are defined more comprehensively corresponding more or less to POW annual returns.

We have attempted in this paper to construct a series of average per capita real earnings for the public sector as a whole and within it for broad categories such as civil servants (administration and departmental enterprises) and employees of non-departmental public enterprises who are not considered as civil servants.<sup>13</sup> Data on earnings for the public sector as a whole are culled from the *National Accounts Statistics* (NAS) which give estimates for compensation to employees for the public sector separately. These statistics define earnings in perhaps the most inclusive form since all costs on labour appear to have been included. For the series on earnings of civil servants we take the total wage and salary bill of the Central Government employees as given in the *Census of Central Government Employees*. Since it refers to wages and salaries of only regular<sup>14</sup> employees, we have divided the wage bill by "regular" employees for the years available to obtain the average earnings per employee. These data are not as comprehensive as the NAS since certain benefits such as old age/retirement benefits in kind are not included.<sup>15</sup> However our series on earnings of Central Government employees is more inclusive than the class-wise earning data compiled by the Third Pay Commission (Table IV). In respect of the non-departmental enterprises, to approximate which we take the industrial and commercial undertakings of the Central Government (covered by the Bureau of Public Enterprises), earnings are defined as inclusive of all labour costs. All these three indices of earnings—public sector as a whole, civil servants and employees of public enterprises—do not refer to any particular pay or skill range. Like the COS data, they are an average of earnings of all categories of employees. However, as can be seen from the above, except for earnings of civil servants, other indices are not at all comparable with the POW or COS data.

#### OVERALL TRENDS

We use the NAS data to study trends in wage and salary incomes in the public sector (see Table III) and then juxtapose them with employment figures to obtain a series on average earnings per employee for this sector as a whole. At the outset it may be noted that the incomes data are not comparable with the employment data as collected by the Employment Market Information (EMI). While EMI excludes employment of the Defence personnel, NAS includes the wage and salary bill of Defence forces, which would be a substantial amount given the current strength of the armed forces at around a million persons. We have tried to



adjust for this factor by deducting from the total compensation to employees in the public sector, the wage and salary bill of the Defence forces as available from a study of the Indian Defence budget.<sup>16</sup> The adjusted figures, that is, excluding Defence, are also given in the table. The category of "casual labour" is excluded from our figures on employment but in all probability it is included in the incomes data. It is not possible to adjust for this.

Total non-agricultural wage and salary incomes (compensation to employees) form about 29 percent of the net domestic product (NDP)<sup>17</sup> in the economy (approximately corresponding to the share of non-agricultural employment in the economy). For the public sector alone, wages and salaries accounted for about 8 percent of NDP (excluding Defence) in 1960-61 which rose to 13 percent in 1976-77 (see Table II). As a proportion of non-agricultural NDP (which is more relevant) compensation to public

TABLE II

SHARE OF PUBLIC SECTOR (COMPENSATION TO EMPLOYEES) DEPARTMENT-WISE  
IN TOTAL AND NON-AGRICULTURAL NDP (FACTOR COST) AT CURRENT PRICES

	1960- 61	1965- 66	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76	1976- 77
<b>I TOTAL PUBLIC SECTOR</b>									
1 Compensation to employees as percent of NDP	8.8	10.6	11.7	12.2	12.4	11.8	13.0	14.6	14.5
1 (a) Excluding Defence	8.0	9.2	10.3	10.9	11.2	10.7	11.8	13.2	13.1
2 Compensation to employees as percent of non-agricul- tural NDP	18.3	20.7	23.4	23.8	24.1	25.0	25.0	26.0	25.0
2 (a) Excluding Defence	16.8	18.0	20.7	21.2	21.7	22.3	22.9	23.7	22.8
<b>II DEPARTMENT-WISE</b>									
1 Administrative Dept. (Excluding Defence)	10.0	10.2	11.2	11.6	11.6	11.2	10.9	11.1	10.8
2 Departmental enterprises	5.3	5.3	5.0	5.0	4.9	4.8	4.8	5.0	4.8
3 Non-departmental enterprises	1.5	2.5	4.5	4.7	5.2	6.4	7.2	7.6	7.3

SOURCE: *National Accounts Statistics*, Central Statistical Organisation, 1975 and 1979.

NOTE : 1 Compensation to employees, department-wise, are as a proportion to non-agricultural NDP.

2 Figures for wages and salaries of Defence forces have been taken from "Indian Defence Budget", *Institute for Defence Studies and Analyses Journal*.

sector employees (excluding Defence) was about 17 percent at the start of the period and it increased to almost 23 percent at the end. Among the different constituents of the public sector, while the proportion of wages and salaries to non-agricultural NDP has virtually stagnated in departmental enterprises and administrative departments, it has risen rapidly in non-departmental enterprises.

This is brought out even more sharply if we look at the percentage distribution of the share of each department in total compensation to employees in the public sector.<sup>18</sup>

Employment in the public sector, as we saw earlier, formed about 15 percent of non-agricultural employment in 1960-61 and increased to almost 19 percent by 1960-61 and increased to almost 19 percent by 1977-78. Juxtaposing the (adjusted) incomes and employment data,<sup>19</sup> it appears that the public sector accounts for a much larger proportion of non-agricultural wage of salary incomes than non-agricultural employment. And this difference increased by the end of the period. This implies that average earnings would be higher in the public sector than in the rest of the non-agricultural economy, and that the growth of average earnings would also have been greater in the former.

### *Earnings by Category*

In Table III we give an index of average earnings per employee for the public sector as a whole, derived from the incomes and employment data from 1960-61 to 1976-77. Two other indices constructed from other sources quoted earlier are also given, one relating to civil servants and the other to employees in public enterprises. Since both the POW and COS data are not comparable with our series on average per employee earnings in the public sector we use Vankataramaiah's index of earnings for the organized factory sector as a benchmark for comparison with the private sector. It also defines earnings as inclusive of all labour costs and covers all categories of employees.

Indices of *real* earnings per employee are derived by deflating the index of money earnings by the Working Class CPI, though, as pointed out earlier there are problems in using this index. Moreover, since all indices of money earnings are being deflated by the same CPI one could as well discuss trends in money earnings. However, while this may be acceptable for comparing the different series of average earnings per employee, it would be more pertinent to look into real earnings to assess how each category—civil servants, the enterprise employees and others—has fared over time.

From the table we see that after a marginal increase initially, real earnings of public sector employees fell upto 1967-68 with a very sharp increase in consumer price index in the mid-sixties. Since then, there has been a substantial increase upto 1972-73, followed by a decline again in the inflationary years, 1973 and 1974. It is interesting to see a fall (for the first time) in the index

TABLE III

INDEX OF PER CAPITA MONEY AND REAL EARNINGS (1960-61=100)

	<i>Total Public Sector</i>		<i>Public Enterprises</i>		<i>Central Government</i>		
	<i>Index of money earnings</i>	<i>Index of real earnings</i>	<i>Index of money earnings</i>	<i>Index of real earnings</i>	<i>Index of money earnings</i>	<i>Index of real earnings</i>	<i>Index of real earnings of factory workers</i>
	(1)		(2)		(3)		(4)
1961-62	105.4	101.4	106.3	101.9	103.4	99.4	100
1962-63	107.0	100.0	107.5	100.5	106.5	99.5	101
1963-64	112.2	102.0	119.7	108.8	116.7	103.1	106
1964-65	121.3	97.0	133.8	107.0	130.5	102.6	103
1965-66	133.1	97.1	137.6	104.4	141.1	100.4	101
1966-67	146.5	97.0	157.3	102.2	160.2	100.3	102
1967-68	166.8	97.0	179.8	100.6	173.3	100.7	101
1968-69	179.6	103.2	192.7	110.8	184.0	105.7	106
1969-70	200.5	113.3	213.9	120.8	189.4	107.0	112
1970-71	217.7	117.1	247.3	133.0	200.5	106.8	99
1971-72	233.4	121.5	267.7	139.1	—	—	na
1972-73	248.2	119.0	262.5	126.8	—	—	na
1973-74	283.6	113.4	270.6	115.7	—	—	112
1974-75	355.4	112.1	338.3	114.4	—	—	101
1975-76	363.7	116.2	406.2	129.8	—	—	103
1976-77	360.4	119.2	400.0	132.9	—	—	—

SOURCE: COLS (1) Total compensation to employees (excluding Defence) from *National Accounts Statistics* and employment figures from *Employment Review*, various issues.

(2) Upto 1964-65, *Handbook of Information on Public Enterprises*, National Employment Services, 1970. For the later years, *Annual Report on the Working of Industrial and Commercial Undertakings of the Central Government*, Ministry of Finance, Bureau of Public Enterprises.

(3) Wage and salary bill of regular Central Government employees, excluding armed forces, as available from the report of the Third Central Pay Commission. These data were given upto 1970-71.

(4) Reproduced from P Venkataramaiah, "Is Organised Labour Exploiting or Exploited?" *Artha Vijnana*, June 1978. Average wages were calculated from ASI reports and are deflated with 1960 CPI working class.

of money earnings in the last year 1976-77 though the index of real earnings for that year shows an increase. This is not surprising since it was the year in which labour's demands for higher wages and bonus were severely curbed.<sup>20</sup>

The average real earnings per employee in public enterprises follow almost the same pattern. However, the rate of growth of earnings is much higher for such employees. Upto 1967-68 their index of real earnings hardly improved. Then there was a substantial increase to 139 in 1971-72, after which it again fell and revived by 1975-76. In 1976-77 the index (1960-61 = 100) stood at almost 133, while for the public sector as a whole it was only 119,

though there was a decline in the index of money earnings in that year for employees in public enterprises also.

In the case of the Central Government employees (or civil servants), we have obtained data upto 1970-71 during which period the gain has been very marginal.<sup>21</sup> The index of real earnings stood at 107; for the same year the index was 117 and 133 for the public sector as a whole and employees in public enterprises respectively. But it must be remembered that the earnings are defined more liberally in respect of the public sector as a whole and public enterprises, while about 10 percent of total labour costs are excluded in the case of civil servants.

### *Types of Disparities*

Regarding the private organized sector employees, it is interesting to note that in the initial years, that is, upto 1968-69, the growth in average earnings per employee was higher than the public sector. Since then, their earnings have lagged behind; between 1961 and 1975, the average per employee real earnings showed hardly any increase. The index of real earnings per employee had increased by about 16 percent for the public sector employees during this period. However, within the public sector itself there is a differential movement in real earnings as between the civil servants and employees in public enterprises, the latter having considerably improved their position. But all constituents within the public sector suffered a decline in money earnings in 1976-77.

These data do bring out the types of disparities existing in per capita earnings within the public sector, highlighted by the Pay Commission reports and various associations of employees. The anomaly most often cited is that between the pay structure of civil servants and employees of public sector enterprises. Of course one must be cautious in drawing conclusions regarding intra-public sector earnings differential since i) the proportion of higher paid jobs is much greater in the public enterprises than in the Central Government<sup>22</sup> and ii) the effect of changing skill composition on average earnings is more pronounced in the case of public enterprises with the introduction of new technology and skill intensive industries.

At the same time, various Pay Commission reports and recently the Bhootalingam Committee, have pointed out the existence of wage differentials for similar skills (for example, peons and clerks) between the different constituents of the public sector in respect of both basic pay and allowances. These anomalies

are especially pronounced as between employees of administrative departments and departmental undertakings on the one hand and quasi-government organizations (which relate to non-departmental enterprises) on the other. These undertakings, organized as companies, are largely free from governmental control in their day-to-day running and are allowed considerable freedom to manage their personnel and financial matters.<sup>23</sup> However, this greater autonomy and flexibility may, to some extent, have created the intra-skill differentials mentioned above. The scales of pay on the whole are higher for the quasi-government organizations.<sup>24</sup>

In this paper we do not intend to go into the causes of inter-sectoral and intra-sectoral wage differentials which have been discussed at length elsewhere.<sup>25</sup> We would only like to caution against the use of such data on relative earnings for making generalizations of the sort often made, that the existence of disparities in relative earnings are a reflection of exploitation by one section of the working class (the higher paid ones) of the other (the lower paid one).<sup>26</sup> Differentials, over and above skill differentials, exist and persist as part of a process of uneven development which is a feature of the capitalist economy and get even more accentuated in a developing economy characterized by the coexistence of an organized and unorganized sector.<sup>27</sup>

Now we deal in brief with the available data on real earnings of different categories of public sector employees. Time series data on per capita earnings of various categories of class I, II, III and IV employees are available only for the Central Government from 1960-61 to 1971-72 (see Table IV). These data show a clear deterioration in per capita real earnings of all categories except peons for whom the index rose marginally to 105 in 1971-72. We would like to qualify these data, which have already been made use of by others,<sup>28</sup> on three counts:

- 1) The earnings here refer only to basic pay plus dearness allowance and no other cash allowance or benefits are included. This implies that it is even less inclusive than the POW or COS data, and does not cover even 82 percent (in 1971) of the total labour costs (see Table I). Before one can establish conclusively that there has occurred a relatively greater fall in average real earnings of the higher class employees, it is necessary to see if this pattern of real incomes behaviour for different classes alters significantly with the inclusion of other allowances. A recent study<sup>29</sup> brings out the fact that adding a few other allowances such as house rent and city compensatory, which each class of Central Government employee is eligible for, the proportional increase in

total emoluments of class IV staff has been greater than class I employees between 1957 and 1972. This implies that the pattern remains substantially the same even with the inclusion of some other allowances. However, the study also points out that though this has helped to narrow down inter-class differentials in earnings to some extent, there is still enormous concentration of both money and real incomes in the upper strata of employees.

TABLE IV

	PROGRESS IN REAL EMOLUMENTS										
	(Rs)										
	1960	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Peon*	80 (100)	85 (97)	90.50 (91)	103 (94)	111 (92)	123 (89)	135 (95)	141 (101)	156 (106)	156 (103)	170 (105)
Lower Division Clerk	171 (100)	181 (96)	193 (90)	216 (92)	229 (89)	249 (85)	265 (88)	278 (91)	298 (95)	298 (92)	314 (91)
Upper Division Clerk	220 (100)	230 (94)	242 (88)	265 (90)	276 (85)	298 (78)	314 (79)	322 (81)	347 (82)	347 (80)	363 (78)
Class II	650 (100)	650 (91)	650 (80)	740 (83)	755 (77)	770 (67)	770 (67)	770 (68)	815 (68)	815 (66)	830 (63)
Class I (A)	1250 (100)	1250 (91)	1250 (80)	1250 (73)	1350 (72)	1350 (61)	1350 (61)	1350 (62)	1395 (61)	1395 (59)	1410 (56)
Class I (B)	2250 (100)	2250 (91)	2250 (80)	2500 (81)	2500 (74)	2500 (65)	2500 (63)	2500 (64)	2500 (60)	2500 (59)	2500 (55)
Class I (C)	3000 (100)	3000 (91)	3000 (80)	3000 (73)	3000 (77)	3500 (68)	3500 (66)	3500 (67)	3500 (63)	3500 (61)	3500 (58)

SOURCE: Report of the Third Central Pay Commission, 1973.

NOTE : \*Salary includes basic pay and D A only (for the years 1970 and onwards it includes interim relief also).

Figures within brackets give the index.

2) Although the rate of change in real earnings of class IV employees may be higher than for other categories of employees, we must ask what was the *original* amount since the differentials between the lowest and the highest paid staff is still very high. The same study points out that given the high degree of concentration of a large number of employees working under the lowest pay ranges such as Rs 100 or below Rs 150 per month there exist high degrees of inequalities in the distribution of income among the different categories of employees.<sup>30</sup>

3) The use of the Working Class CPI which has been used to deflate money earnings for each class of employees is questionable in case of the higher paid staff.<sup>31</sup>

On the whole we find that class/category-wise data on earnings in the public sector are very unsatisfactory. This is a

serious lacuna. However, from the available evidence which suggests a faster rate of growth in the higher categories of employees, the increase in average real earnings per employee in the public sector reflects the higher earnings of such employees.

### CONCLUSION

From the above analysis it appears that real earnings per employee have increased in the public sector during the period under study although these tend to be substantially eroded under the pressure of inflation.<sup>32</sup> In recent years employees have also experienced a downward pressure on money earnings. Within the public sector, employees in public enterprises on the whole appear to be in the latter position compared to other employees. However it is significant to note that this has not led to any increase in the share of employees in value added (NDP) in the public sector as a whole or of employees in the non-departmental undertakings. While the share of compensation to employees in total income generated in the public sector has remained stable, around 80-82 percent upto 1974-75, it has shown a sharp decline to 75 percent in 1976-77. In the case of non-departmental undertakings, the share of labour fluctuated between 55 and 60 per cent upto the early seventies, followed by a decline to 52.8 percent in 1976-77<sup>33</sup>.

(Concluded)

<sup>1</sup> P Venkataramaiah, "Is Organised Labour Exploiting or Exploited?", *Artha Vijnana*, June 1978.

<sup>2</sup> To some extent the Occupational Wage Survey, Labour Bureau, Ministry of Labour, did collect these types of data for the organized factory sector. This survey, however, was conducted for two years only, 1958-59 and 1963-64. A third one was conducted in four phases during 1974-1977 of which only some reports may now be available.

<sup>3</sup> *Indian Labour Statistics*, Labour Bureau, Ministry of Labour, Government of India (an annual publication). See also *Report of the National Commission on Labour*, Ministry of Labour 1969, and P Venkataramaiah, *op cit*.

<sup>4</sup> P Venkataramaiah, *op cit*.

<sup>5</sup> Prior to 1958, employees earning less than Rs 200 per month were covered but with the amendment of the Act in 1957 its scope was extended to cover persons earning Rs 200 or more but less than Rs 400 per month.

<sup>6</sup> *Indian Labour Yearbook*, Labour Bureau, Ministry of Labour (an annual publication).

<sup>7</sup> Venkataramaiah, *op cit*.

<sup>8</sup> Venkataramaiah, it appears, estimates average per employee earnings by including all labour costs, while COS excludes annual bonus, group benefits and retirement benefits from its calculation of earnings.

<sup>9</sup> See *Labour Statistics under the Annual Survey of Industries*, Labour Bureau, Ministry of Labour, Data collected under this scheme are reproduced in the *Indian Labour Yearbook*. A breakup of gross earnings (and not labour cost) into various components is also available in respect of POW annual returns. Since the COS returns are more

comprehensive, covering not only earnings but all items of labour cost, we use these data.

<sup>10</sup> See P Venkataramaiah, *op cit.*

<sup>11</sup> See *Report of the Third Central Pay Commission*, Ministry of Finance, 1973, Vol IV, p 5.

<sup>12</sup> See *Indian Labour Yearbook*, *op cit.*

<sup>13</sup> Besides the Civil Service, the government at the time of independence also owned and managed a number of industrial and service undertakings like the railways, P and T, and ordinance factories organized as departmental enterprises. The staff in such enterprises consist of civil servants and their conditions of recruitment and service are the same as for other civil servants. On the contrary most of the industrial, commercial and service enterprises which came up in the public sector in the course of planned industrial development were set up mostly as government companies whose employees excluding deputationists are not civil servants. See *Report of the Study Team on Public Sector Undertakings*, Administrative Reforms Commission (ARC), June 1967.

<sup>14</sup> Central Government employees may either be regular or non-regular. The latter includes a) work charged personnel, b) contingency staff and c) locally recruited staff in Indian missions/embassies abroad.

See *Census of Central Government Employees*, Ministry of Labour, New Delhi. EMI figures on employment include both regular and non-regular personnel (except locally recruited staff in embassies/missions abroad), but since the earnings data refer to regular staff, we consider only the latter.

<sup>15</sup> See *Report of the Third Central Pay Commission*, *op cit.*

<sup>16</sup> "Indian Defence Budget 1972-73", *Journal of the Institute for Defence Studies and Analyses*, 23 April, 1972.

<sup>17</sup> NDP is at factor cost in current prices. Estimated from *National Accounts Statistics* for 1976-77.

<sup>18</sup> The share of departmental enterprises declined steadily from 31 per cent in 1960-61 to 21 per cent in 1976-77; of administrative departments from almost 60 per cent in 1960-61 to about 47 per cent at the end of the period. On the other hand the share of non-departmental enterprises increased rapidly from less than 14 percent in 60-61 to 32 per cent in 1976-77.

<sup>19</sup> Employment data refers to 1977-78 while incomes data to 1976-77. However, it is possible that the latter would be lower in 1977-78.

<sup>20</sup> This was the peak year of the Emergency imposed in June 1975. The fall in the CPI for 1976-77 was mainly on account of a decline in the general price level in the initial months upto May 1976. From June it rose continuously, but the average for the 12 month period shows a fall. See *Economic Survey*, government of India, 1976-77.

<sup>21</sup> The slight improvement in the index in the last two years was largely on account of an enhancement of several concessions to Central Government employees such as dearness allowance, and interim relief. See *Report of Third Pay Commission op cit.*

<sup>22</sup> Report of the Administrative Reforms Commission (1967) *op cit.*

<sup>23</sup> See Footnote 14. It was recognized that the form of departmental undertakings is unsuitable for commercial and industrial enterprises. Although the Industrial Policy Resolution of 1948 laid down that public enterprises as a rule should be organized in the form of public corporations most enterprises in the public sector were set up as companies which reduces their accountability, on the plea that greater autonomy would make for more efficient running. See *ARC Report 1967 op cit.*

<sup>24</sup> Third Pay Commission Report *op cit.* and Bhootalingam Committee Report, *op cit.*

<sup>25</sup> See for instance, Parvez Alam, "The Nature of Class Conflicts in Indian Society-A Critique of Dandekar, Janavadi Vichar Manch, University of Delhi.

<sup>26</sup> V M Dandekar, "Nature of Class Conflict [in the Indian Society in the Marxian Framework]" *Artha Vijnana*, June, 1978.



- <sup>27</sup> Parvez Alam, *op cit.* and see K. Bharadwaj "Notes on Political Economy of Development—the Indian Case", *Economic and Political Weekly*, February 1972.
- <sup>28</sup> See P. Venkataramaiah, *op cit.* and Bina Roy, and others, "Trends in the Distribution of Wage and Salary Incomes among Different Occupations in the Central Government Services", *The Indian Journal of Labour Economics*, January 1979.
- <sup>29</sup> Bina Roy, and others, *Ibid.*
- <sup>30</sup> *Ibid.*
- <sup>31</sup> See earlier discussion on the problem of the deflator.
- <sup>32</sup> See, also, Rehman Sobhan, *Public Enterprise as an Instrument of Policy in Anti-Poverty Strategies in South Asia*, Economic and Social Commission for Asia and Pacific, 1979.
- <sup>33</sup> *National Accounts Statistics, 1976 and 1978, op cit.*

## NOTE

### *Production Relations and Spatial Variation in Agricultural Wage Rates*

IN the theory of wages, the neo-classical theory, which holds that wages are determined by marginal productivity, dominates. It implies that there is a positive relationship between the wage rate and the productivity of labour. Higher the productivity, higher is the wage rate and lower the productivity, lower is the wage rate. The empirical validity of this theory has been derived mainly from the evidences of the industrial sector in the post-feudal Europe, United States of America, twentieth century Japan and the Union of Soviet Socialist Republics.

Kalpana Bardhan also holds the view, on the basis of Indian data, that "irrigation or multiple cropping does generate a positive response not only in the wage income but also in the daily wage rate for agricultural labourers."<sup>1</sup>

In this process, it seems, the more essential aspect of the theory of wages, namely, the influence of the historical stage of production relations, is overlooked. While referring to British agriculture, Marx emphasized the same aspect in his pamphlet, *Wages, Price and Profit* (1898): "The important part which historical tradition and social habitude play in this respect, you may learn from Mr Thornton's work on over-population, where he shows that average wages in different agricultural districts of England still nowadays differ more or less according to the more or less favourable circumstances under which the districts have emerged from the state of serfdom." And any attempt to verify the marginal productivity theory satisfactorily has to look into the historical development of production relations.

Production relations are the relationships of men as a class (mainly direct producers and owners of the means of production) pertaining to production and exchange. Thus, the purpose of the study is to analyze the relationship between wage rate and the productivity of labour in relation to historical evolution of production

relations at the micro-regional level. The study is based on primary data collected from all households of nine villages, three each from district Saran, Siwan and Gopalganj, selected at random, for the period between July 1974 and June 1975 in connection with the study of Agrarian Relations in North-West Bihar.<sup>3</sup> In the area, agricultural labourers constitute 33.35 percent of total workers. Besides, there are small and marginal owner-tenant cultivators who also hire out their labour power. Thus, wages are an important means of livelihood of a vast majority of the population and their rates affect their work, living and agricultural development at large.

Table I shows that nowhere the wage rate is lower than Rs 1.50 per day and higher than Rs 4.50. In Chaphwa the wage rate is the lowest and in Korea, Jafarpur and Sonabarsa, the highest. In the rest of the villages it is between Rs 2.51 and Rs 3.50.

TABLE I

SPATIAL VARIATION IN AGRICULTURAL WAGE RATES  
(per male worker per day in Rs)

<i>Wage rates</i>	<i>Villages</i>
Upto 1.50	—
1.51 to 2.50	Chaphwa
2.51 to 3.50	Saraia, Parasia, Bharthui, Maharani Ugarsain and Bharkuian
3.51 to 4.50	Korea, Jafarpur and Sonabarsa.
Above 4.50	—

In view of conceptual difficulties, it is a little complex task to measure labour productivity in absolute value terms. However, by and large, utilization of canal irrigation, pumpsets, tractors and fertilizer has a positive impact on it. Besides, output per labourer shows its trend. From this point of view, as Table II shows, in Maharani Ugarsain the productivity should be the lowest, because there is neither canal irrigation nor pumpset nor tractor there.

TABLE II

KEY FEATURES DETERMINING PRODUCTIVITY OF LABOUR

<i>Villages</i>	<i>Canal irrigation</i>	<i>Land per pumpset (in acres)</i>	<i>Land per tractor (in acres)</i>	<i>Utilization of fertilizer (kg per acre)</i>
1 Korea	—	67.31	—	19.00
2 Saraia	—	—	—	18.00
3 Jafarpur	—	51.54	154.31	21.00
4 Parasia	—	55.51	222.04	14.00
5 Sonabarsa	—	78.25	—	22.00
6 Bharthui	—	45.18	341.46	63.00
7 Chaphwa	Whole area	—	—	9.00
8 Maharani Ugarsain	—	—	—	9.00
9 Bharkuian	—	31.78	—	20.00

The utilization of fertilizer per acre is also the lowest. In Bharthui it should be the highest because there the utilization of pumpset, tractor and fertilizers per acre is the highest. Further, it is clear from Table III that in Bharthui output per labourer is the highest while in Korea, Saraia and Bharkuian it is the lowest. Other villages are in the middle category.

TABLE III  
OUTPUT PER LABOURER (Rs)

<i>Output</i>	<i>Villages</i>
Upto 1200	Korea, Saraia, Bharkuian
1201 to 2400	Jafarpur, Parasia, Sonabarsa, Chaphwa, Maharani Ugarsain.
Above 2400	Bharthui

If we accept the neo-classical theory that productivity determines wages, then wage rates should have been the highest in Bharthui but it is not so. The wage rates are the highest in Korea, Jafarpur and Sonabarsa. While the rates should have been the lowest in Maharani Ugarsain or Korea, Saraia and Bharkuian, the rates are the lowest in Chaphwa. In other words, there is only a weak positive relationship between the wage rate and the productivity of labour. In Indian agriculture there are other empirical evidences also which support this view<sup>3</sup>. It implies that something is missing in the neo-classical theory as it fails to explain the spatial variations in wage rates in agriculture. Here, we try to explain it in terms of the historical evolution of production relations.

In Table IV the villages under study have been classified under three categories according to their distinguishing features of production relations. The distance between two categories of villages is not less than 50 km. It is clear from the table that in Chaphwa, landlord-cultivators<sup>4</sup> constitute 25.72 percent of households but they own 94.61 percent of land. Only 40 percent of their labour force, and that too only in supervising work, is engaged in agriculture. All landlords and cultivators have leased out land on share-cropping and on labour service. On the other hand, poor peasants and landless labourers constitute 62.85 percent of households who own only 0.30 percent of land. Cent percent of their labour force is engaged in agriculture and all are lessees of land on share-cropping or hire out labour. All households are in regular consumption debt.

Thus, almost all land is owned by the landlord-cultivators. They lease out a substantial portion of it on share-cropping and on labour service and do cultivation on remaining portion under

TABLE IV  
SOME DISTINGUISHING FEATURES OF PRODUCTION RELATIONS

<i>Class/Features</i>	<i>Landlords/ Cultivators</i>	<i>Middle Peasants</i>	<i>Poor Peasants and Landless Labourers</i>	<i>Others</i>
1) Percentage of Households:				
a) Chaphwa	25.72	11.43	62.85	—
b) Korea, Saraia, Sonabarsa, Maharani Ugarsain	11.85	45.94	27.70	14.51
c) Jafarpur, Parasia, Bharthui, Bharkuian	26.51	29.33	22.29	21.97
Total	12.76	37.41	30.50	19.33
2) Percentage of Ownership of Land:				
a) Chaphwa	94.61	5.09	0.30	—
b) Korea, Saraia, Maharani Ugarsain, Sonabarsa	34.46	52.78	9.89	2.87
c) Jafarpur, Parasia, Bharthui, Bharkuian	67.52	26.23	3.96	2.29
Total	54.50	36.07	6.85	2.58
3) Percentage of Labour Force in Agriculture:				
a) Chaphwa	40.00	57.14	100.00	—
b) Korea, Saraia, Sonabarsa, Maharani Ugarsain	36.41	54.57	83.33	—
c) Jafarpur, Parasia, Bharthui, Bharkuian	57.71	44.78	72.56	—
Total	34.56	56.39	81.76	
4) Percentage of Households in Land Lease of Share-cropping:				
a) Chaphwa	100.00 (Lessor)	75.00 (Lessor)	100.00 (Lessee)	—
b) Korea, Saraia, Sonabarsa, Maharani Ugarsain	48.78 (Lessor)	19.45 (Lessor) 2.38 (Lessee)	25.00	—
c) Jafarpur, Parasia, Bharthui, Bharkuian	38.77 (Lessor)	18.31 (Lessor) 7.04 (Lessee)	18.91 (Lessee)	—
Total	55.61 (Lessor)	12.46 (Lessor) 4.21 (Lessee)	36.12 (Lessee)	
5) Percentage of Households in Regular Consumption Debt:				
a) Chaphwa	—	—	100.00	—
b) Korea, Saraia Sonabarsa, Maharani Ugarsain	—	—	57.13	—
c) Jafarpur, Parasia, Bharthui, Bharkuian	—	—	45.21	—
Total	—	—	75.29	—

their own supervision with the manual labour of the poor peasants and landless labourers. Thus, poor peasants and landless labourers are also in possession of land. Labour service tenants get the yield of land in lieu of payment for their labour service and do regular work on the landlord's land. Landlords get half the yield as their share without putting in anything towards the cost of cultivation. The labour power of tenants and their families is at the disposal of landlords at traditional wage rates. Thus, the primary purpose of leasing out land is to keep labourers bonded for assured cheap labour, besides other economic and non-economic benefits, while the primary purpose of leasing in land is to produce food for subsistence. Both sides adopt this practice under the pressure of dire need, but poor peasants and landless labourers, being economically weak, are in a disadvantageous position in determining the terms and conditions of lease and payment for labour. Thus the contract is on unequal terms.

### *Means of Getting Cheap Labour*

Direct producers are tied to the soil and to the landlord. The allotment of land to peasants in this economy is thus "a means of providing the landlords with hands. The peasants' own farming of their allotments was a condition of the landlord economy and its purpose was to provide not the peasant with means of livelihood but the landlord with hands."<sup>5</sup> Landlords give poor peasants and landless labourers consumption loans without asset security. They are more interested in keeping them under socio-economic coercion than in earning interest on such loans. Hence, capitalist features of loan transaction are lacking. Poor peasants and landless peasants cannot leave the landlord unless they return the leased land and the whole amount of loan, including interest at exorbitant rate. The former may be possible, but the latter is impossible in the existing set-up as it is far in excess of their means. The near failure of the recent government debt redemption measures is an evidence to this. Besides, alternative arrangement for their subsistence will have to be made. So they are tied to the landlord. They even cannot get loans from others. This bond between the landlord and the direct producer is indissoluble and [traditionally fixed.<sup>6</sup> It is a feature of production relations which we may call semi-feudal in the present context.

Thus, the poor peasants and landless labourers have to depend on the landlord-cultivators for their subsistence. They lack freedom, that is, freedom to sell their labour power. Hence, the

free forces of demand and supply on capitalist principles fail to operate on the determination of wage and earnings of direct producers, undermining the impact of productivity. Lenin has also said that "a condition for such a system of economy was the personal dependence of the peasant on the landlord. If the landlord had not possessed direct power over the person of the peasant he could not have compelled a man who had a plot of land and ran his own farm to work for him. Hence non-economic pressure was necessary. The form and degree of this coercion may be the most varied, ranging from the peasant's self status to *his lack of rights in the social estates.*"<sup>7</sup>

This has important repercussions on wages and earnings of the poor peasants and landless labourers. Landlord cultivators do not allow more than their minimum subsistence. Otherwise they will require less consumption loan, a direct loss to landlords in the form of interest, besides loss of other economic and non-economic benefits arising out of socio-economic coercion.<sup>8</sup> This is also clear from evidences available. With the introduction of the Gandak canal irrigation, production has gone up more than two times. But the wage rates have not improved. Besides, the landlords have reduced the area of leased land to the limit necessary for socio-economic coercion. Thus, they have denied the benefits of development and increased productivity to the share-croppers. Thus the feudal influence in the form of socio-economic coercion consequent on indissoluble bondage has prevented wage rates to follow the trend of development and productivity in the village.

### *Feudal Influence*

In the second category of villages—Korea, Saraia, Sonabarsa and Maharani Ugarsain—middle peasants are predominant, and there the influence of landlords is mitigated to some extent. Share-cropping and consumption loans are there, but less significant in percentage. Besides, socio-economic coercion is lacking. Hence, Korea and Sonabarsa fall in the category of highest wage rates although Korea is in the lowest category and Sonabarsa in the middle category of villages according to output per labourer. In Saraia and Maharani Ugarsain, wage rates are higher although Saraia is in the lowest category of villages according to output per labourer. Thus, in the absence of socio-economic coercion, labourers are free to bargain and productivity of labour has positive response to wage rates.

In the third category of villages where landlord-cultivators

constitute a higher percentage of households and have higher percentage of ownership of land, they are dominant. Practices of share-cropping and consumption loans are there but they are not significant. Percentage of leases, lessors and debtors of consumption loans is the lowest.

In Jafarpur and Bharkuian, direct producers are free. In the former village, there is a tractor and output per labourer is higher. Hence this is in the category of highest wage rate among villages. In Parasia and Bharthui also there are tractors, and the utilization of fertilizers per acre is the highest in Bharthui. But the elements of feudal influence are there, and, therefore, they are not in the category of highest wage rate among villages. We know that even capitalist development of agriculture retains feudal features for a long time.<sup>9</sup>

Thus, on the basis of the above analysis we may conclude that productivity has positive response fully on wage rates only in postfeudal capitalist production relations where labourers are free to sell their labour power. In pre-capitalist semi-feudal production relations, direct producers do not succeed in raising their wage rates in tune with productivity. Because they are under indissoluble bond of landlord-cultivators and are the victims of socio-economic coercion, free forces of demand and supply become weak. Hence, in capitalist production relations, wage rates are always higher than pre-capitalist ones. And, therefore, we are tempted to agree with Lenin who concludes, "We would merely observe the fact that payment for labour under purely capitalist hire is greater than that under all forms of bondage and under other pre-capitalist relations has been established not only in agriculture ... and not only in Russia, but also in other countries."<sup>10</sup>

HARIHAR BHAKTA

<sup>1</sup> Kalpana Bardhan, "Factors Affecting Wage Rates for Agricultural Labour", *Economic and Political Weekly*, 30 June 1973.

<sup>2</sup> Unpublished Ph D thesis, Patna University, 1977.

<sup>3</sup> A V Jose writes, "According to comparative study of wage rate movements in the IADP districts in various states between 1962-63 and 1967-68, daily real wage rate recorded the maximum percentage increase in Alleppey and Palaghat districts of Kerala although the growth of agricultural production associated with the Green Revolution has been much greater in the IADP districts of other states like Punjab, Tamil Nadu and Gujarat", "Wage Rates of Agricultural Labourers in Kerala", *Economic and Political Weekly*, Annual Number, 1973.

<sup>4</sup> For detailed analysis of classification of agrarian society see H Bhakta, *Mainstream*, 27 November 1976.

<sup>5</sup> Lenin, *Collected Works*, Vol III, p 191.



- <sup>6</sup> Leo Huberman, *Maris Worldly Goods*, Bombay, People's Publishing House, 1949, pp 175-176.
- <sup>7</sup> Lenin, *op cit*, p 193. Emphasis added.
- <sup>8</sup> H Bhakta, *The Economic Times*, 14 February 1977. A Bhaduri, *Economic Journal*, March 1973 and also P H Prasad, *Economic and Political Weekly*, 12 May 1973.
- <sup>9</sup> Lenin, *op cit*, p 32.
- <sup>10</sup> Lenin, *op cit*, p 200.

## BOOK REVIEWS

### *Social Change in Soviet Central Asia*

R R SHARMA, A MARXIST MODEL OF SOCIAL CHANGE: SOVIET CENTRAL ASIA 1917-40, The Macmillan Company of India Limited, Delhi, 1979, pp IX+255, Rs 60.

THE SOVIET CENTRAL ASIA has always been the subject of debate, controversy, admiration and sometimes neglect of scholars on the Soviet Union depending on their particular persuasion on ideological matters. The present study provides a very clear and cogent account of economic and social development of that part of the Soviet Union which used to be known before the Revolution as "Turkestan", now comprising the Soviet Asian republics of Uzbekistan, Kirghizia, Turkmenistan and Tadzikistan.

An account of the socio-economic conditions and cultural atmosphere in Turkestan in the pre-Revolution days is the point of departure of the study. The author has been able to prove his contention that the annexation of the vast area of Turkestan by the Russian empire was necessitated by the impossibility of "vertical expansion" of the Russian bourgeoisie because of certain inherent weaknesses, including very low level of technology. Therefore, a horizontal expansion became the first item in the agenda for opening up new markets for the absorption of goods of Russian capitalists. Railroads and other means of communication were opened to remove the physical isolation of the new area from the centre of the empire. The linking of the Fergana valley, the rich cotton growing area with Central Russia occupied foremost economic importance. Thus, in this period the seeds of capitalism in agriculture were implanted in Turkestan and the money economy replaced the traditional exchange economy (p 13). In spite of production for market in agriculture, the *Beys*, or the landlords, completely dominated the relations of production and also the condi-

tions of existence of the peasantry. When the revolution broke out Turkestan had been fully assimilated as the "Cotton Colony" of Russian capitalism. The region also became an appendage of the industrial centre in Russia.

At the superstructural plane, as the author points out, the changes in the economic basis was not reflected. The Russian government did not encourage any reform in the educational system of the area so that the needs, rather the limited needs, of the time could be satisfied. Economic dependence of the region needed a culture of its own. The author has clearly shown that the overwhelming dominance of the '*Khadimists*', the traditional elites in the cultural scene, ultimately satisfied this criterion. This was the situation on the eve of the October Revolution.

### *Strategies of Development*

The author then takes up for analysis the conceptual questions relating to strategies of economic development of an erstwhile backward economy, with reference to Soviet Central Asia after the Revolution. The social backwardness of the region was, in the words of the author, "specifically based on tribal, feudal structures, sustained and reinforced by petrified traditional and cultural values and religion. The second major contradiction in the structural specificity was created by the Russian colonialists interlude of the pre-revolutionary period which had considerably distorted their traditional equipoise" (p 39). A solution out of this impasse was sought through a "non-capitalist path of development" as a transition from a backward, predominantly pre-capitalist to a socialist mode of production. This path became a powerful conceptual category to Lenin in his resolution of the national and colonial questions. The most important element of this concept was the assumption that backward nations on their road to socialism could by-pass capitalism (p 43). This path was no doubt the "least painful" form of transition from primitive conditions of existence to the highest culture of Communism. The idea of "revolutionary-democratic" instead of "bourgeois-democratic" phase in the "national revolutionary" mode emerged in this context as the author has clearly pointed out.

The first step that was taken to translate this doctrine into reality was to create "socialist land tenure . . . and the socialist methods of agriculture" (p 51). This, in itself, was inadequate without the development of a class consciousness. Therefore, a decision was taken to form and organize party cells and peasant Soviets in the native *Kishlaks* so that anti-kulak and anti-*Beiy* policies could be strongly pursued and propagated. According to the author,

"the crux of the Soviet policy was to eliminate the feudal capitalist structure and ensure their substitution by a socialist one." The author has made a very important point in this regard. The theory of non-capitalist path of development of backward Central Asian regions of the Soviet Union would have remained theory only if the fourteenth congress of the Communist Party of the Soviet Union had not totally rejected Preobrazhenskii's scheme of socialist accumulation through an exploitation of the socialist periphery by the socialist centre for ensuring economic security of the socialist state "encircled by the World Capitalist Economy" (p 142).

How the conditions of the economy worsened during War Communism and later reached the stage of recovery has been carefully examined by the author in the next phase of his study. During War Communism the economy was incapable of withstanding the strain of revolutionary turmoil and civil war. There was inadequate understanding by the leadership of the needs of the local situation, in questions of both economy and ideology. Almost a complete collapse of the economy and an alienated people were the net result.

### *Land Reforms*

To combat this situation a whole series of land reforms were introduced during the New Economic Programme (NEP) period. At the same time these were designed "to strike at the very root of the colonial and feudal relations of production" (p 74). But these reforms led, as in the Russian mainland, to the creation of a more numerous class of tenant farmers paying rent to Kulaks and *Beys*, thus increasing the cleavage between different strata of the rural population. Some progress, however, was made in the sphere of cooperation. Attempts were made to strengthen the work of cotton cooperative societies but these were not so successful because of the dominant position of rich peasants in these organizations. But the movement made some headway after 1924. With regard to industrial recovery the picture seemed to be more dismal. By the middle of the nineteen-twenties, the "output of Central Asian industry was still about half the 1913 level" (p 88). Thus, NEP in Soviet Central Asia in the words of Lenin, was "a transitional period within the transitional period"<sup>1</sup> (p 90).

On the question of agrarian reforms, the author has clearly explained how, by the end of 1925, its first phase was completed with the formation of land fund and realization of the task of redistribution. Also, all the farms that depended on hired labour were liquidated. These steps helped in "sharpening the 'Social

Consciousness' of the people although there were 'gross mistakes' in implementing the land reforms" (p 109). The next important stage of agrarian reforms was realized through collectivization of agriculture, a firm decision which was taken at the fifteenth party congress. This decision was put into action by the end of 1929 and was required to be completed by the end of 1933-34. In the process of collectivization, the author echoes the sentiments expressed in other studies of the same subject that "the authorities did not rely merely on appeal: coercion, pressure and force were freely used to lump together peasant households and collective farms. These methods were belatedly denounced by the party as 'distortions' and 'grave mistakes' . . . . The most important feature of the collectivisation of agriculture was to eliminate Kulaks and Beiyas as a class" (p 132).

### *Industrial Development*

The author next gives an account of industrial reorganization in Soviet Central Asia in the period under review. After pointing out the casualties in industries during War Communism, he explains how the post-1921 reorganization took place. By 1922-1923 the state sector started to occupy the "commanding heights" (p 148). In the next stage an attempt for equalization of the levels of development between the "centre" and "the periphery" was made. The implication of "Eastward shift" of industry and the logic and efficacy of central planning for industrial development in the period 1917-1940 as part of the general economic development has been ably posited. An evaluation of regional industrial development with reference to Uzbekistan, Turkmenistan, Tadzhikistan and Kirghizia in quantitative terms follows next, from which it is quite evident that this development through planning could ensure an extremely high rate of growth, that enabled the region to leap forward at a remarkable pace.

Finally, the author presents a sociological balance sheet of the social transformation brought in the period 1917-40 by a change in the base and the superstructure through Soviet policy. At the superstructural plane the change ensured a breakdown of the monopoly of the traditional elite (*Khadimists*) and the regional bourgeois aspiration of the *Jadidists*. In the case of the latter, socialism was an anathema because it "violated the so-called spirit (values) of Islam and ran counter to the so-called Shariat" (p 189). Ultimately, it was not the traditional elite but "a minority intelligentsia of nationalist and leftist persuasion which was called upon to assume the pioneering role of initiating 'socio-cultural, political

and economic change" (p 192). One of the characteristic features of this epoch was the involvement of members of small trading and also priestly class in the revolutionary movement. This was all the more necessary because revolution reached Turkestan on a barren socio-economic soil "by cable" only (p 194).

### *Socialist Intelligentsia*

As a consequence, Soviet educational policy had to be designed to bring about radical change in the social structure. The number of educational institutions including universities increased significantly with a proportionate increase in the number of students. Thus "a new basis was laid for the emergence of a socialist intelligentsia" (p 201). The national development within a socialist framework of transformation not only through a shift in the cultural ethos but also by changes in social structure and pattern of family could get rid of "obsolete religious norms, morbid cultural traditions and customs and the institutional social parasitism", (p. 218) the objective basis of the social inertia of the past.

The author has taken a huge canvass to portray many faceted changes in Soviet Central Asia with economic transformation occupying the first place. In spite of the enormity of the task, he has been successful in achieving it by showing how, in the ultimate analysis, the various issues related to change were solved by the Soviet strategy of revolutionary transformation of Soviet Central Asia. His treatment of the historical background is extremely informative. The detailed discussion on the emergence of the theory of non-capitalist path of development of the economies of the region is very competent but one cannot but feel that his criticism or rather condemnation of "populism" in this regard speaks of his very orthodox Marxist stance and rejection of great insights reflected in similar theories by N. G. Chernyshevskii, which were rightly admired by Marx himself.

In spite of the excellence of the work a reader may sometimes be confused by too many sociological judgements on the course and nature of economic development of different spheres which have otherwise been ably posited by the author.

K. K. DAS GUPTA

## *Capitalist Accumulation and Theories of Growth*

DONALD J HARRIS, *CAPITAL ACCUMULATION AND INCOME DISTRIBUTION*, Routledge and Kegan Paul, London, 1978, pp ix+313, cloth £8.50.

THE one thing every graduate student of economics is familiar with is the so-called inspiration that post-war reconstruction gave to growth theory. In fact it is even argued that any concern for growth under capitalist production arose only in the post war era. But the concern for growth, or accumulation, can indeed be traced to the classical economists and more importantly to Marx. What the post-war era has seen is a surfeit of abstract models which, as Amartya Sen remarked, concerned themselves with esoteric issues and saw their potential wasted away.

The theory of accumulation and the contradictions inherent in accumulation in a capitalist system were the concern of Marx who discusses these issues in a schematic manner in his elaboration of the systems of expanded reproduction. In the post-Keynesian era the Harroddian revival of interest in the contradictions of capitalist accumulation only recalls much of the discussion that has already taken place within the Marxist school. In fact the richness of Marx's analysis is never surpassed in any of the post-war discussion on accumulation, be it neo-classical or post-Keynesian. This seems to be the burden of Harris's argument in the book under review. Harris attempts to examine the link or lack of it between the Marxist and post-war discussion of growth and distribution.

Harris seeks to provide an "interpretation" and an "assessment" of the "contemporary lines of approach to a theory of accumulation and income distribution in the capitalist economy" (p 1) trying to reconstruct, in the process, the many problems and issues that arise in such a theory. Harris's perspective is clear from the

start. The analytical roots of the theory of accumulation and income distribution go deep into the classical school. From Petty and later the Physiocrats to Ricardo and Marx "the possibility of accumulation was governed by the size and mode of utilisation of the surplus" (p 7), while surplus itself was generated in production and determined by the nature of production relations and the growth of productive forces.

### *Accumulation and Crisis*

Harris believes that "it was this absolutely strategic role of the size and use of the surplus viewed from the perspective of the economy as a whole and of its process of expansion, which dictated the significance of the distribution of income for classical economic analysis" (p 7). However, classical economists did not develop a theory of crises integrating the theory of accumulation and income distribution. Surely Ricardo did conceive of a "stationary state" but this was brought upon capitalist development not by the contradictions internal to it but by the regressiveness of the landed element. A weakening of the grip of the feudal element, in the immediate form of corn imports, could always rescue capitalism.

It was left to Marx to develop a theory of crises integral to the theory of accumulation. The never ending drive of the capitalist to accumulate brings with it the conditions which spell doom for the capitalist. The problem of "realising" value and the tendency of the rate of profit to decline with increasing organic composition of capital are manifestations of the same process. While the general crisis of capitalism does not imply a breakdown of the system, it creates conditions which can facilitate the overthrow of the system.

It was in this context that Marxists analyzed the Great Depression of the early part of this century. The depression fitted very well into Marxist analysis of capitalism, while it caught the bourgeois economists napping. While one section of the bourgeois economists had not even understood the essence of the Depression and were recommending policies which would only aggravate the crisis (namely the neo-classicals), another section was able to provide a short lease of life by asking the government to intervene more effectively in the economy. Keynes understood partially the dynamics of capitalism and was able to bail out depression economies from one of their worst crises. And it is mainly in this post-Keynesian phase of bourgeois economics that concern for accumu-



lation, growth, distribution and demand begins to grow. This is the point of departure of Harris's book.

Harris believes that within the Keynesian school it was Harrod who first became conscious of the inherent instability of capitalism and tried to extend Keynesian analysis through the incorporation of this feature of capitalist accumulation. Uncertainty is fundamental to capitalism and given that investment is a function of expectations which are a function of this "uncertainty" there is inherent to capitalism a certain instability of investment. Apart from this the fact that the saving and investment decisions are made by different groups of "people" who follow different, if not contradictory, signals and that technical progress and population growth may not have any trade-off relationship and more importantly that "... there is no mechanism to bring these elements into appropriate relationship with each other, (Harrod) sees the process of expansion as being inherently unstable. In particular, Harrod goes on to show that, the economy does not actually maintain an equilibrium of steady growth but might proceed by a series of investment booms interrupted by slumps or relapse into a state of complete stagnation" (p 30).

With Harrod as the point of departure, "modern growth theory", as Harris terms post-Keynesian and neo-classical growth theories, developed arguments to prove Harrod wrong. Both believed Harrod's model to be too restrictive in its assumptions and too narrow in its conception. While the post-Keynesians—notably Kaldor and Pasinetti—believed that through an alteration in income distribution it was possible to match the warranted and actual and even natural growth rates, the 'neo-classicals' believed that the system was still more flexible and that even the capital/labour ratios were alterable since capital was malleable (like "jelly", "clay" or mecano sets). In fact in the latter conception "Golden Age" was more than a mythical state, it was a goal to be attained.

### *Method of Analysis*

Having spread out the "state of the debate" as it were in the section entitled "Historical Perspective", Harris proceeds in Part II to develop a scheme of analysis using the linear model of production discussing a number of theoretical problems that have cropped up, like the wage-profit relation, choice of techniques of production, the role of different savings assumptions, the meaning of Harrod's antinomy between the warranted and the natural rates of growth, and the significance of the "golden rule of

accumulation". In fact, Part II may be regarded as the only taxing reading for its use of mathematical tools of analysis. The analysis begins with a Sraffa-Leontieff type multi-sector model and joint products are assumed away. Soon a two-sector model is adopted with the plea that the analysis would be relevant to multi-sector models as well.

Harris's framework, which is Marxian, easily incorporates the inter-relationships between the different sectors of the economy and these are rigorously specified. After examining the neo-classical parables in growth theory, Harris concludes that there is, in general, "no such thing as a hierarchy of techniques of production ranked in terms of their 'capital intensity' such that higher degrees of capital intensity are associated with lower rates of profit" (p 139). Given this major assertion of his argument he illustrates in the next chapter the fallacy of the neo-classical theories of growth which are based on these assumptions.

### *Neo-classical Model Criticized*

Finally, in Part III Harris examines in depth the post-Keynesian and the neo-classical model and presents an expanded reproduction. In the post-Keynesian models, specially Joan Robinson's colourfully named ones, Harris asserts that fundamentally "what is missing... is an analysis of the structure and operations of the capitalist economy at the level of production and the relations of production" (p 179). And what the post-Keynesian theory of growth, specially Kaldor's model, does is that it only solves the "problem of distribution from the side of demand for output, in particular, in terms of the demand for investment and the propensities to consume out of profit and wages" (p 186). In other words it tries to interpret the Harrodian crisis as a crisis of "realisation", or, in Keynesian terms, as a problem of "effective demand". The aspect of immiserization" of the proletariat, that is, crisis following from the "exploitative" nature of capitalist production is lost sight of.

As for the neo-classical theories, we find that they have no theory of distribution at all, in a sense, "since the pricing of factors does not itself account for the distribution of ownership of factors. The distribution of income between individuals is the result of the quantity of their initial factor endowments, and this latter is regarded as outside the scope of the analysis" (p 199).

Hence a conception which is crucial to the neo-classical parable is that the productivity and scarcity of capital goods independently determines the value, in the form of profit, which

capitalists receive. "This conception constitutes one blade of the scissors with which it had been thought possible to cut the connection which Marx had drawn between the existence of profits (surplus value) and the exploitation of labour and between these and the accumulation of capital as exchange value" (p 245). It is this neo-classical conception which Harris illustrates convincingly to be without meaning and therefore needs to be abandoned. Implicit in the failure of this conception is the refusal, albeit conscious, to recognize in existence of *social classes* with a specific role in the production system.

Finally, Harris comes to the last chapter where he develops Marx's scheme of simple and expanded reproduction. Indeed in contrast to all the classical economists and even in contrast to all the post-Keynesian or neo-classical economists, Marx was distinguishable on one major count, namely, his theory of accumulation. The schema of reproduction illustrate all the interconnections between production, distribution, exchange and consumption. The analytical rigour of these schema is remarkable and Harris illustrates their full potential in providing us with a complete theory of capital accumulation and income distribution and, more importantly, a theory of the inherent tendency of capitalism towards crises. Surely there is no automaticity about this tendency nor do crises in themselves lead to a breakdown. As Marx himself remarks, capitalism possesses a remarkable ability to revert to an "equilibrium" if during a crisis, at the weakest link, capitalism is not politically challenged.

Harris's survey of the two trends in bourgeois economics and the analytical links between different strands of these theories and finally the pivotal role of modern growth theory in throwing up fundamental questions regarding capitalist growth indeed makes the book under review a fascinating one. However, Harris has neglected a strand in the Marxist theory on growth, namely, Kalecki and Steindl. While Kalecki's theory of income distribution is dealt with, very little is said on his theory of economic fluctuations and growth, and Steindl is conspicuous by his absence. Despite this, the book remains a significant, indeed a much needed, contribution to the Marxian perspectives on modern growth and distribution theories. An essential reading for any student who is looking for a critical appraisal of the geneology and morphology of post-war macro-economics.

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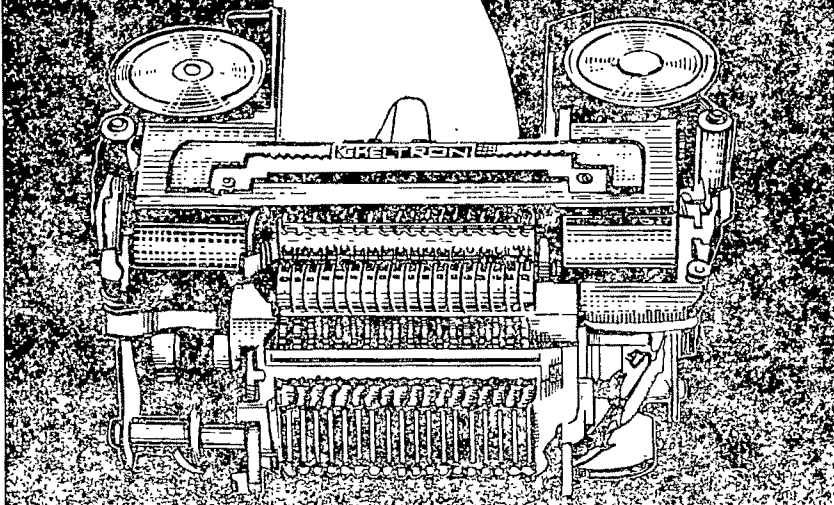
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*Articles, note and reviews express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.*

## CONTRIBUTORS

*KAUSTAVMONI BORUAH teaches history in an Assam college.*

*DIPANKAR GUPTA is Assistant Professor, School of Social Sciences, Jawaharlal Nehru University, New Delhi.*

*MICLOS RACZ is a senior lecturer at Centre for Anthropology and Sociology, University of Amsterdam.*

*M RAGHAVAN is a research scholar at Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.*

*DILIP S SWAMY is Professor of Business Economics, Delhi University.*

*ROBERT VARICKATIL is a lecturer in the Department of Sociology, South Gujarat University, Surat.*

DILIP S SWAMY

## *Land and Credit Reforms in India*

### PART ONE

AGRARIAN structure is the axis of future changes in India. Therefore, agrarian relations and associated policies regarding the provision of credit and inputs to the agricultural sector continue to be the matter of debate among social scientists as also among those who are in the forefront of organized struggle of the peasantry. Pressures for a change in the agrarian structure arise from time to time, but despite pious intentions and several legislations, the Indian government has conspicuously failed to bring about a redistribution of land and allocation of credit in favour of the weaker classes in rural areas.

The non-implementation of reforms has assumed special significance in the context of technological progress in agriculture. Since ownership of land, by and large, continues to determine the creditworthiness of cultivators, the prevailing pattern of land ownership tends to be reproduced as a hierarchy of differential rights to institutional credit and thus of access to agricultural capital. Credit, especially to small farmers, is a necessary condition for realizing the potentialities of modern technological improvements in agriculture. Therefore, the position in that hierarchy becomes increasingly important as the flow of institutional credit increases and technological changes spread in rural

areas. Inadequate access to institutional credit is a far more critical deprivation to cultivators now than before since it denies the benefits of technological change to the rural poor.

The purpose of this paper is to examine India's land and rural credit system, their inter-dependence and the constraint of the prevailing distribution of land on food production and that of the allocation of rural credit on adoption of technological change. In the first part, differentiation of peasantry is specified with respect to ownership of land, use of agricultural implements and water, and availability of credit. The efficiency aspect of prevailing differentiation of peasantry is also examined by estimating the effect of a given redistribution of land on aggregate food production. The land reforms policy is reviewed in the second part and the rural credit system in the third. Some explanation of the rigidity in land ownership pattern and the prevailing inequitable allocation of credit is attempted in the end.

TABLE I

DISTRIBUTION OF ECONOMIC RESOURCES AMONG RURAL HOUSEHOLDS (1971-72)

		Percentage		
		<i>Poor peasants</i>	<i>Small farmers</i>	<i>Well-to-do farmers</i>
Households		60.28	29.38	10.34
Area operated		9.25	37.52	53.23
Cattle	Heads	14.10	49.98	35.92
	Value	8.71	43.97	47.32
Buffaloes	Heads	16.12	45.46	38.40
	Value	15.35	43.46	41.19
Ploughs	Wooden	10.82	56.58	32.60
	Iron	7.35	47.50	45.15
Electric pumps, tractors		3.69	20.07	76.24
Agricultural machinery (value)		4.45	33.30	62.25
Non-farm business equipment (value)		47.83	20.12	32.05
Transport equipment (value)		11.14	38.70	50.16
Land utilization (net area sown as percentage of area operated)		89.39	87.78	80.94
Crop intensity (gross cropped area as percentage of net area)		1.30	1.21	1.12
Cropping pattern (area under food crops as percentage of gross cropped area)		83.10	80.26	73.63
Irrigation (all types)		15.09	38.98	45.93
Irrigation intensity (gross irrigated area as percentage of net irrigated area)		1.63	1.04	0.86
Term loans	Public sector banks	5.10	32.62	62.29
(amount outstanding in 1973-74)	Private sector banks	3.96	18.75	77.29

SOURCE: National Sample Survey, 26th Round, No 215, *Agricultural Census of India*, Government of India, 1975, and *Reserve Bank of India Monthly Bulletin*, April 1974 and August 1974.



The population which depends on land for a living can be classified into three broad groups: i) poor peasants/ marginal farmers, ii) small peasants and iii) well-to-do farmers. The category of poor peasants includes landless labourers who work on land as day labourers, attached labourers (or bonded labourers) for particular landlords or as share-croppers. Poor peasants also include those who own small pieces of land which are not always economically viable, necessitating some members of their families to work as day labourers. This class of poor peasants is numerically strong but commands meagre economic resources. While it comprises 60 percent of rural households, it cultivates only 9 percent of land area, uses 15 percent of irrigation facilities, owns 14 percent of cattle, 16 percent of buffaloes, 10 percent of wooden ploughs, 7 percent of iron ploughs and less than 2 percent of electric pumps (Table I). Due to their weak economic position they also get a low share of credit facilities available to the rural areas (they got only 5 percent of the total term loans advanced by the public sector banks and 4 percent of private sector bank loans in 1973-74).

### *Unequal Distribution*

The category of small peasants consists of those households who cultivate from one to four hectares of land. They are, by and large, self-sufficient and are able to sustain themselves without working as agricultural labourers. They comprise 29 percent of the total rural households that cultivate 37 percent of the total land, employ 43 percent of farm workers, use 39 percent of irrigation facilities and 33 percent of term loans provided by the public sector banks. They possess 50 percent of all the cattleheads, 45 percent of buffaloes, 57 percent of wooden ploughs, 47 percent of iron ploughs and 35 percent of the total electric pumps.

The well-to-do farmers, who cultivate more than four hectares of land constitute 10 percent of the rural households. They cultivate 53 percent of total land, possess over 62 percent of agricultural machinery and 50 percent of transport equipment. Their command over financial resources is decisive. They control the rural cooperative societies and corner 62 percent of term loans advanced by the public sector banks and 77 percent of loans advanced by the private sector banks. They also control 46 percent of irrigation facilities and the use of fertilizers.<sup>1</sup> They possess the best agricultural land and have almost exclusive access to inputs and financial resources needed to improve output.<sup>2</sup>

These facts clearly show that the distribution of land and also of tools, implements, farm power, water supply and so on are

highly unequal. The large and well-to-do farmers constitute a small minority of the peasantry, about one-tenth of the total number of households, although the proportion fluctuates considerably according to region. But such households account for more than half the total operated area. Poor peasants who own no land or a little land and have to depend on wage work or on leasing in of land constitute 60 percent of the rural households, and they cultivate only 9 percent of land.

In between these two classes are the small farmers. This group is significant—30 percent families cultivating 37 percent of land—but is slowly disintegrating under the impact of tenancy dynamics. The evolution of the tenancy system in India reveals a process whereby feudal tenancy, in which land is leased out by the well-to-do farmers to the smaller farmers, is being replaced by commercial tenancy in which the well-to-do farmers lease in land from the smaller farmers to increase the utilization of their farm equipments like tractors and tubewells.<sup>3</sup>

### *Polarization of Peasantry*

The dissolution of the middle farmers under the pressure of population and tenancy polarizes the peasantry into two classes. This process of polarization is too powerful to allow any moderate reform measure any chance of success. For example, the existing system reduces the principle of "land to the tiller" to an empty slogan. This is clearly brought out by the Rural Debt and Investment Survey (1975). "Tiller's Day" is observed every year when ownership rights are given to the tillers, who behave subsequently according to the existing leasing system. Under these conditions, several generations of small peasantry will be ground down in poverty. In fact, "land to the tiller" is not a correct slogan unless the underlying resource endowments of different classes of farmers are also altered.<sup>4</sup>

What is required is a redistribution of land and other resources in such a manner as to make even the smallest farm economically viable. Farmers owning below a certain minimum size of holding should be provided with additional land. This is possible if ceilings (according to types of land) are imposed on the ownership of agricultural land so that surplus land is available for redistribution. Economic rationale and feasibility of such a proposal is discussed below.

The dichotomy between the marginal and the well-to-do farmers, as seen above, is evident from the distribution of opera-

tional landholdings, agricultural implements and machinery. The marginal farm sector is faced with surplus family labour, deficit budget and relative scarcity of land and capital. On the other hand, the large farm sector is endowed with relative abundance of capital and land but, perhaps, faces a shortage of family labour. A direct implication of the above dichotomy is seen in the diverse techniques of production adopted in these two sectors. A profit maximizer, the well-to-do farmer, endowed with shortage of labour and relative abundance of capital, is expected to adopt capital intensive and labour saving techniques of production in agriculture. Similarly, a rational marginal farmer, faced with relative abundance of labour and shortage of land and capital, is expected to apply more labour per unit of land than the well-to-do farmer. Therefore it is reasonable to expect the marginal farmer to cultivate his land more intensively than the well-to-do farmer.

Some scholars have put forward an alternative but interesting explanation for the inverse relationship between the utilization of land as well as of available irrigation facilities and the size group of holdings.<sup>5</sup> The principal explanation of this phenomenon, according to them, lies in the exploitative role of usury. They explain that a typical big farmer is engaged in multiple economic activities: he is a cultivator, a trader as well as a moneylender. The optimum allocation of his time and resources requires that the marginal return from investment in each activity should be equal. Under conditions of market imperfections and institutional rigidities such an optimum solution is not possible so that big farmers adopt an alternative suboptimal but a desirable solution, that is, they devote more resources to that activity which offers a higher return and *vice versa*. Since the rate of return from moneylending (ranging from 30 percent to 80 percent) is considerably higher than that from cultivation, the well-to-do farmer-merchant-moneylender uses a larger proportion of his savings for giving consumption loans than for investing in agricultural operations.<sup>6</sup> This explains why land is less intensively used by the well-to-do farmer than the marginal farmer.

Whether the relative factor intensity or the relative rates of return explanation is appropriate or not, the main contention is that the utilization of land operated by the poor peasants (marginal farmers) is greater than that operated by the well-to-do farmers. This contention is sufficiently substantiated by the Agricultural Census data for the year 1971-72. Land utilization has two dimensions: coverage of cultivation and multiple cropping. The former depends upon the proportion of fallow or uncultivated

land and is measured by the ratio of net area sown to total area operated. As shown in Table I, marginal farmers cultivate a larger proportion of their land than the well-to-do farmers, the differential being 8.5 percent of area operated. The extent of multiple cropping depends, to a large degree, on the availability of irrigation facilities, which are more easily accessible to the well-to-do farmers than to the marginal farmers. The extent of multiple cropping can be measured by the ratio of gross cropped area to net area sown. The intensity of cultivation by well-to-do farmers is estimated at 1.12 and by marginal farmers at 1.30. This differential in crop intensity occurs because the marginal farm has higher irrigation intensity than the large farm, though the former has smaller proportion of land under irrigation than the latter.

The combined effect of the coverage of cultivation and extent of multiple cropping gives us crop intensity which is measured by the proportion of gross cropped area to area operated, as shown below:

$$\frac{NAS}{AO} \times \frac{GCA}{NAS} = \frac{GCA}{AO}$$

where NAS, AO and GCA stand for net area sown, area operated and gross cropped area, respectively. The estimates of crop intensity are given in Table II. The all-India crop intensity of the marginal farm is estimated to be 1.16 and that of the large farm, 0.91. In every state for which data are assembled, the crop intensity of the marginal farm is greater than that of the large farm.

The differential cropping intensity is one consequence of the differentiated peasantry. Another important consequence is cropping pattern. The marginal farm sector is characterized by subsistence economy, where production is sufficient for consumption requirements only in good times. Therefore, mainly food crops are raised on the marginal farms. On the other hand, the large farm sector generally produces for the market. And since commercial crops are more profitable and have wider markets than foodgrains, the large farm sector allocates a lower proportion of its land to foodgrains than the marginal farm sector. On an all-India basis the marginal farmers devote 83.10 percent of their gross cropped area to the production of foodgrains, while the well-to-do farmers devote 73.63 percent (Table I)

Differences in crop intensities and cropping patterns are natural responses of the two classes of farmers to the difference in their resource endowments. A combination of these two effects

yields a quantitative measure of the cultivator's attitude to the production of foodgrains. Crop intensity multiplied by the cropping pattern gives the proportion of total effective area allocated to the production of foodgrains

$$\frac{GCA}{AO} \times \frac{AFG}{GCA} = \frac{AFG}{AO}$$

Such estimates for the different states are also given in Table II. It can be clearly seen that the *effective* area under foodgrains as a percentage of area operated is greater in the case of the marginal farmers than in the case of the well-to-do farmers. On an all-India basis these percentages are 96.4 and 66.98 respectively.

TABLE II  
CROP INTENSITY AND CROPPING PATTERN BY DIFFERENT CLASSES OF PEASANTS

States	Crop intensity		Area under foodgrains as percentage of area operated	
	Marginal farmers	Well-to-do farmers	Marginal farmers	Well-to-do farmers
	(1)	(2)	(3)	(4)
Andhra Pradesh	1.06	0.84	86.07	58.13
Assam	1.08	1.00	86.94	66.80
Bihar	1.09	0.90	99.84	82.62
Gujarat	1.06	1.00	75.90	51.50
Haryana	1.43	1.31	118.69	103.86
Karnataka	0.99	0.91	78.31	59.92
Madhya Pradesh	1.11	0.92	95.79	68.08
Maharashtra	1.09	0.90	80.01	60.57
Orissa	1.50	1.00	124.80	87.31
Punjab	1.53	1.25	119.65	87.80
Rajasthan	1.16	0.79	93.36	49.75
Tamil Nadu	1.05	0.81	78.54	52.08
Uttar Pradesh	1.30	1.13	116.09	95.37
West Bengal	1.12	0.99	95.98	79.00
All India (Aggregate)	1.16	0.91	96.40	66.98

SOURCE: Calculations are based on *Agricultural Census of India, 1971-72*, Ministry of Agriculture and Irrigation, Government of India, 1975, Appendix.

Clearly, the crop intensity is higher and cropping pattern more favourable to foodgrains production on the marginal farm than on the large farm. Therefore a given redistribution of land from the well-to-do farmers to the marginal farmers has an *area lengthening effect*. The area augmenting effect (with respect to foodgrains production) of a given redistribution of land is 29.42 percent. For example, if 100 hectares are taken away from the well-to-do cultivators and given to the marginal cultivators, loss of area under foodgrains production by the former would be only

66.98 hectares, but the recipient would produce foodgrains on 96.40 hectares, implying thereby a net increase of 29.42 hectares of land under foodgrains production.

How much land can be made available for redistribution? Estimates of surplus land obviously depend upon the assumed ceiling on land ownership. Using the National Sample Survey (26th Round, 1971-72) data in respect of holdings of 12 hectares (30 acres) or more, the Planning Commission has estimated that the potential surplus would be 8.60 million hectares (21.51 million acres) after allowing for self-cultivation by landowners with surplus land. Dandekar and Rath<sup>7</sup> arrive, through an exercise based on fixing ceilings in different states and different conditions of soil and crops raised, at a figure of 16.80 million hectares (42 million acres) as surplus that would be available for distribution. Minhas,<sup>8</sup> through a similar exercise, arrives at a figure of 43 million acres. The estimates of surplus land provided by Dandekar and Rath and Minhas are based on the National Sample Survey data on distribution of operational landholdings relating to the year 1961-62. Using a more comprehensive data base provided by the Agriculture Census for the year 1971-72 we have estimated that the well-to-do landlords have 22.40 million hectares (56 million acres) of surplus agricultural land over and above 10 hectares (25 acres) of land per household.<sup>9</sup>

### *Impact on Food Production*

Now the effect of land redistribution<sup>10</sup> on food production can be easily estimated. Let us assume that on the newly acquired land the marginal farmers raise the same crops which are mainly grown in their region. [Given the yield per hectare of the principal crop<sup>11</sup> (column (3) of Table III) and the area lengthening effect of land redistribution (column (4) of Table III) the state-wise additional output of foodgrains can be obtained simply by multiplying the surplus land (column (1) of Table III) with these two factors. Such estimates are given in column (5) of Table III. The additional output of foodgrains resulting from redistributing the 22.4 million hectares of surplus land to farmers cultivating below one hectare is estimated to be 5.05 million tonnes.

This estimate however needs to be adjusted upward if we recognize that productivity on small holdings is greater than that on large holdings. Various farm management surveys during the nineteen-fifties have shown that gross produce per hectare and profits are higher on smaller farms than on larger farm, which may be attributed to more intensive application of labour on

small farms, especially in rice tracts.<sup>13</sup> Based on a survey of 865 households in seven districts of Haryana, Bhalla<sup>13</sup> reports that despite better access to resources, output per acre among large farms under the traditional labour intensive technology is lower than among small farms. He specifically observes that in Haryana output per acre on the marginal farm is Rs 770 and on the big farm Rs 518, a difference of about 49 percent. Even if we assume a productivity differential of 20 percent, the output increasing effect of land reforms goes up to six million tonnes.

TABLE III  
PRODUCTION INCREASING EFFECT OF LAND REFORMS

<i>State</i>	<i>Surplus land (in million hectares)</i>	<i>Principal crop</i>	<i>Yield (in kg. per hectare)</i>	<i>Area lengthening effect of land reform (percent- age of area operated)</i>	<i>Additional foodgrain production (in million tonnes)</i>
	(1)	(2)	(3)	(4)	(5)
Andhra Pradesh	1.838	Rice	1359	27.94	0.70
Assam	0.358	Paddy	1066	20.14	0.08
Bihar	1.009	Paddy	788	17.22	0.14
Gujarat	1.302	Jowar	373	24.40	0.06
		Bajra	884		0.14
Haryana	0.436	Wheat	2074	14.83	0.13
Karnataka	1.410	Jowar	780	19.39	0.21
Madhya Pradesh	2.186	Rice	843	27.71	0.26
		Wheat	742		0.23
Maharashtra	3.962	Jowar	275	19.44	0.11
		Bajra	403		0.15
Orissa	0.316	Paddy	962	37.49	0.11
Punjab	0.379	Wheat	2238	31.85	0.27
Rajasthan	6.412	Bajra	521	43.61	1.46
Tamil Nadu	0.411	Rice	1974	26.46	0.21
Uttar Pradesh	0.682	Wheat	1302	20.72	0.18
West Bengal	0.196	Rice	1239	16.98	0.04
All India (Agg.)	22.40	—	767	29.42	5.05

This estimate of about six million tonnes of additional foodgrains as a result of the redistribution of surplus land over and above 10 hectares per household is not insignificant as compared to the output increasing effect of the so-called Green Revolution. Hanumantha Rao has estimated the effect of the Green Revolution on the production of foodgrains. He points out that "between 1964-65—the base year—and 1970-71, the output of food grains increased at a rate of about 3.4 percent per annum. If it is assumed that the output would have grown at 2 percent per annum without the Green Revolution, then the contribution of Green Revolution comes to 1.4 (3.4-2.0) percent per annum . . . . This amounts to about 7.5 million tonnes of food grains . . . between 1964-65 and

1970-71. Alternatively, if it is assumed that the output would have grown at 2.5 percent per annum, then the contribution of the Green Revolution amounts to about 4.9 million tonnes.<sup>14</sup> Thus, the output raising effect of the Green Revolution may be put in the range of five to 7.5 million tonnes. This is the cumulative effect of six years. As compared to this the land reforms result in an additional output of foodgrains by about six million tonnes in the year of reform implementation.

The Green Revolution is identified with the use of high yielding variety (HYV) of seeds together with the associated package of inputs like water, fertilizer, pesticides and improved implements. HYV seeds are essentially land augmenting: their use is to overcome land scarcity. Land reforms also have a substantial land augmenting effect by raising the average crop intensity of cultivated land. Since both labour input per acre and output are higher on the smaller-sized farms, land reforms have a distinct employment and output potential. Therefore, the re-distribution of land as suggested above is to be preferred to the use of HYV as both have equivalent opportunities, in the form of additional employment, directly to the rural poor. If, however, the ceiling programme is accompanied by a programme of radical reforms in the rural credit and other resources and in other institutions the choice in favour of land redistribution becomes still more attractive. The benefits of HYV seeds can be realized even after land reforms.

The conclusion arrived at here rests on the following empirically valid assumptions: i) Intensity of cultivation is greater on the small farms than on the large farms; ii) area under foodgrains as a percentage of area operated is greater on the small farms than on the large farms; and iii) productivity per acre is greater on the small farms than on the large farms.

Given these assumptions, a redistribution of land from large farmers to the smaller farmers would result in an increase in food production. If ceiling is fixed at 10 hectares of land per household, 22.4 million hectares of land become available for distribution among the marginal farmers who, using their land more intensively and allocating a larger proportion of land to food crops, can increase the national production of foodgrains by about six million tonnes. This contribution of land reforms is equivalent to about six years' cumulative effect of the Green Revolution. It should be mentioned, however, that the case for land reforms in a society in which the whole apparatus of exploitation is based on ownership of land cannot be judged merely in terms of quantifi-



able economic benefits, however defined. The ownership of even a tiny plot of land, even though economically non-viable, provides in our rural society some kind of prestige, acceptance and insurance to families who are otherwise wholly dependent on finding employment in the labour market and who form really the hard core of rural poverty and distress.

(To be continued)

- <sup>1</sup> See *National Sample Survey*, Report No. 113.
- <sup>2</sup> For details, see D S Swamy, "Differentiation of Peasantry", *Economic and Political Weekly*, Vol XI, No 50, 11 December 1976.
- <sup>3</sup> D S Swamy, "Dynamics of Tenancy System in India", *Zameer*, Vol 1, No 2, March 1977.
- <sup>4</sup> See D S Swamy, "Land-to-the-Tiller with Patience and without Resistance", *Vishleshan*, Vol IV, No 4, December 1978.
- <sup>5</sup> P H Prasad, "Limits to Investment Planning", in Ashok Mitra (ed), *Economic Theory and Planning*, Delhi, Oxford University Press, pp 262-272; A Bhaduri, "A Study of Agricultural Backwardness under Semi-feudalism", *Economic Journal*, March 1973.
- <sup>6</sup> R Sau, "Land Utilization: A Note", *Economic and Political Weekly*, Vol XI, No 36, September 1976.
- <sup>7</sup> V M Dandekar and N Rath, *Poverty in India*, Poona, Indian School of Political Economy, 1971, p 81.
- <sup>8</sup> B S Minhas, "Rural Poverty, Land Distribution and Development Strategy", *Indian Economic Review*, April 1970, pp 111-112.
- <sup>9</sup> Guidelines for the purpose of land ceilings on agricultural land have been worked out by several committees on land reforms. But even accepted guidelines and ceiling laws have not been implemented. However, we have assumed the ceiling to be fixed at 10 hectares to calculate the potential effect of land reforms.
- <sup>10</sup> If 22.4 million hectares of surplus land are distributed among households cultivating less than one hectare, who, in 1971, were estimated to operate a total of 14.5 million hectares already, the average size of their operational holdings would increase from 0.4 hectares to one hectare. For all practical purposes one hectare may be considered as a reasonable floor to operational landholdings. In any case, this implies that differences in per household operational landholding over all size classes would not be larger than 10 times and differences in per person landholding would be about six times since the average family size of the well-to-do farmers is considerably larger than those of marginal farmers.
- <sup>11</sup> The yield of foodgrains per hectare for India as a whole is calculated on the weighted average of the state-wise yields, the weights being the surplus land in each state.
- <sup>12</sup> See A K Sen, "Size of Holdings and Productivity", *The Economic Weekly*, Annual Number, February 1964; M Chattopadhyay and A Rudra, "Size Productivity Revisited", *Economic and Political Weekly* (review of agriculture), 25 September 1976; A M Khusro, "Returns to Scale in Indian Agriculture", *Indian Journal of Agricultural Economics*, July-December 1964; Krishna Bhardwaj, *Production Conditions in Indian Agriculture*, Cambridge University Press, 1974; G K Chadda, *Production Efficiency by Farm Size: A Study of Punjab Agriculture at 1969-70 Level of Technology*, Punjab University, Ph D dissertation.
- <sup>13</sup> G S Bhalla, *Changing Agrarian Structure in India*, Delhi, Meenakshi Prakashan.
- <sup>14</sup> C H Hanumantha Rao, *The Technological Change and Distribution of Gains in Indian Agriculture*, Delhi, Meenakshi Prakashan, 1975, p 8.

ROBERT VARICKATIL

### *Social Origins of Protestant Reformation*

PROTESTANT REFORMATION demands the attention of the sociologist for two reasons. First, it was one of the most important movements which inaugurated what is called the "modern west". Just as the idea of popular participation in the government was established with the French Revolution and large-scale mechanical production with the Industrial Revolution, so individualism in the religious sphere began to assert itself from 1517, with Martin Luther's revolt. Hence one cannot understand the modern west and the contemporary world in general without gaining some clear idea as to what the Reformation was. Second, there are a number of sociologists who try to establish the casual priority of the ideal factors based on the assumption that modern capitalism was primarily an outcome of the protestant ethic. This assumption has its origin in the writings of the German sociologist Max Weber.<sup>1</sup> Even in our own days such a theory is accepted by several sociologists under the leadership of Talcott Parsons.

Karl Marx, against whom most of these authors take their stand, too had noted that the Reformation was the true setting of a new world, especially of a new Germany.<sup>2</sup> But Marx did not abandon his general thesis that religion was made by man and that the Reformation in particular was related to the economic

interests and the material circumstances of the upcoming bourgeoisie. Thus Marx too recognized the influence of the Reformation on the origin of our contemporary world. But he saw the ultimate base of this influence in the new economic forces that were emerging even before the Reformation.

The Reformation had a remote as well as a proximate social background. The remote background consisted of the general economic change affecting Europe such as the Crusades, the Black Death, the new trade routes, the medieval frontier and certain internal contradictions of the feudal structure. This paper however, is focussed on the immediate provocations which triggered off the Protestant Reformation. Our argument is that even these provocations were economic and political rather than religious. In other words, it was not the moral indignation of a few righteous people on the "immorality of the Church" which was the most important factor behind the movement called Reformation.

### *The Church and the European Nations*

Famous is the saying that Christ preached the Kingdom of God, but what came out was the church of Rome. The Kingdom of God preached by Christ was a protest movement against the rulers and the rich. The Gospels (the good messages of Christ) implied that God will put down the mighty and satiate the poor. But Christ was not preaching a political revolution; he was challenging the state religion of the old Roman Empire. Thus he was aiming at a secularization process. But the process initiated by Christ was reversed by an alliance of the church and the state under Constantine, the Great. Thus what was begun as a protest against the dominant ideology became itself the ideology of the ruling class even after the fall of Rome, and the church (the pope) became the feudal overlord of all Europe. The "barbarian" kings of the emerging new nations of Europe considered the church as a necessary instrument of unity and political stability at national and even international levels.

Eventually, however, the nation-states were consolidated in many parts of Europe, partly at least owing to the economic demands of these regions. The new political structure had to undermine the age-old relations between the church and the state. The new nations with despotic monarchs started challenging the overlordship of Rome. These challenges, again, were shaped by the politico-economic conditions of each region. Thus the kings of France could obtain the cooperation of all the three "Estates"

to defeat the popes and even keep some of them as prisoners in Avignon. The kings of England, on the other hand, had several rounds with the popes. Some of them defied the popes; others obtained the cooperation of the church to contain the barons. Finally, of course, Henry VIII would openly break with Rome. But Germany was politically and economically much weaker than either France or England. The feudal princes of Germany had no wish to strengthen the hands of the Holy Roman Emperor and thus weaken their own political power. Hence the rulers of Germany had to submit themselves to the pope on several occasions. Typical as well as famous is the case of Henry IV, who (in 1077) had to wait three days in the winter with a rope around his neck as a penitent before he was admitted to the presence of the pope in his castle at Canossa. But this economic and political weakness of Germany itself, in a curious historical configuration, became the immediate prop for the success of the Reformation. In a nutshell, an excessive drain of money from an economically weak nation prepared the necessary ground for a successful protest movement. This drain included the papal taxes, the veneration of relics and the sale of indulgences.

As far as the taxes were concerned, the effect was almost uniform. Thus all nations of Europe had to pay the tithes and the crusading tax, though Peter's pence was levied only on England and the Scandinavian countries, at least in the beginning. But Italy benefited the most from these collections when the popes were in Rome, and France, when the popes were in Avignon. Further, the check on the levy of taxes and their transfer to Rome was less in Germany than in England or France. The feudal possessions of the church too differed from nation to nation. Thus the Catholic church owned a half of Germany, while only a fifth of France (valued at three quarters of the wealth of France, it is said) and only one-third of the Italian peninsula. Such possessions were still smaller in other nations though they included vast estates of immense wealth. There is no doubt that the ecclesiastical possessions as well as exactions were resented by every nation concerned, mainly because it strangled the emerging merchant capitalism. The monarchs of these nations too, who depended on the merchants and the landed gentry (the commercial farmers) could not support the pope. Hence we see that an attack on the financial irregularities became the rallying point of religious reformation in feudal Europe. Secondly, the Reformation broke out in Germany because that region had suffered the worst form of papal exactions. This must be the reason why Luther could succeed

in Germany whereas his forerunners in other countries either failed or had only a minimum of success.

### *Prelude to the Lutheran Reformation*

Here we wish to point out that the Lutheran revolt was preceded by a number of attempts at the purification of the church. The 'Catholic church itself' had made repeated attempts at a reformation from within. But the popes, the College of Cardinals and the bureaucracy of the Curia could not agree upon a common formula as the economic interests of each party or group could not coincide with the interests of other groups. Reformation from outside was a must in the face of this failure. Attempts at this was made by kings, priests, intellectuals and even by common people.

Perhaps the first king who seriously challenged the church was Louis of Bavaria (1314 to 1347). He declared marriage to be a purely civil affair and granted divorce on his own authority. He patronized the first wellknown intellectual (among the reformers), William of Ockham. Ockham was a Fransican friar and had seen the liquidation of several of his confreres who tried to reform the church. Ockham declared, with the help of the king, that the pope had no infallibility as he claimed to have. There were two more famous intellectuals who revolted in line with Ockham; one was Wycliff and the other was Huss.

Wycliff (1320-1384) was a priest teaching theology at the university of Oxford. He taught, among other things, that there was no need for such intermediaries as the pope and the bishop to stand between God and the faithful. Wycliff was protected by John of Gaunt, the ruler of England. John was badly in need of money to defed his country against France, especially when the pope was a Frenchman. Wycliff understood the situation and published a pamphlet advocating the retention of the church dues and the severance of the English church from Rome. Actually Wycliff taught almost every precept Luther and Calvin stood for later. But the social base in England was not ripe for a complete break with the church of Rome. A revolt of the lower classes demanded a strengthening of the status quo in England. The government forthwith discouraged Wycliff from going further in his line, though he got enough protection from the government to die in peace. The Catholic church could take action only against his bones; these were dug and thrown into the river by a decree of the Council of Constance (May 4, 1415).

John Huss, a contemporary of Wycliff, however, could not be protected even by the emperor's brother and heir apparent.

Huss was taken out of his home country, Bohemia, on guarantee of safe conduct to the Council of Constance. But the Council roasted him alive in July 1415. It was against this background that Martin Luther, who is generally known as the leader of the Reformation, appeared on the scene.

### *Luther in Germany*

The most important point to be noted is that Luther was in many respects a repetition of Wycliff in England, Huss in Bohemia, Br scia Flora and Savonarola in Italy. Just as Bohemia could not protect Huss, so too Italy could not prevent Savonarola from being given to the flames. But why was Luther not burnt alive? Part of the reason lies in the fact that Europe was undergoing a tremendous change and by Luther's time the socio-economic situation had changed favourably for new ideas. Europe was no more a closed continent which it was for centuries. The Europeans had already rounded the continent of Africa on the one side and crossed the Atlantic on the other. The sixteenth century, the century of Luther, saw the maturing of the mercantile capitalism. Nationalism too was much stronger in the sixteenth century than it was before. Portugal, Spain, France, the Netherlands, England and even Russia had awakened from the medieval slumber. As Holborn notes: "Everywhere the secular authorities tried to counter the papal policy and they found support even among the devout, who felt that a papacy devoid of its universality and ridden with secularism could not guarantee the common welfare."<sup>4</sup> Germany, of course, was far behind France and England in national strength and unity. But even in Germany the princes were founding universities, a function that was strictly reserved for the church till then.

When we look at Germany of those days, we see a few distinctive characteristics that mark her off from her neighbours, such as France and England. Germany was declining because the continental economy in terms of mining and commerce was losing ground to the maritime economy controlled by Spain, the Netherlands and others. Secondly, the church was giving less concessions to Germany because she had a weaker central government compared to France or England. Thirdly, the weakness of the central government meant that the local princes were more powerful. There was actually no one Germany that was bargaining with the pope but a number of regions under various leaders. When it came to the Reformation too, it was easier for Luther to bring this or that prince to his side than to convert the king or the whole of

Germany. In fact, he won over one prince after the other, that too by emphasizing the economic aspects of the papal power.

### *Luther Fights the Church*

The sale of relics and indulgences was something normal in the Catholic church. But the particular sale of indulgence which sparked off the revolt of Luther had some special features. As already seen above, Germany was getting less money. Rome, however, wanted more, not less. The indulgence in question was put on sale by Pope Julius II in 1507 to rebuild the cathedral of St Peter's. Pope Leo X in 1513 repeated the practice.

There was due protest against this collection from England, France and Spain. Hence these nations were pacified. Thus Henry VIII was given a fourth of the proceeds from England. King Charles I of Spain received 1,75,000 ducats in advance against the expected collection from Spain. Francis I of France too got a handsome amount. The German emperor, however, was given only a small amount of 3000 florins.

Now there was an additional collection for the archbishop of Mainz. He hailed from the house of Hohenzollern and aspired to the title of archbishop from a pragmatic point of view. The archbishop of Mainz was one of the seven dignitaries who elected the Holy Roman Emperor. But Albert of Hohenzollern, the candidate for the archbishop's title, had some problems. To begin with, he was below the canonical age. Secondly, the canon law did not allow anyone to hold more than two titles. But the candidate was already the bishop of two dioceses. Hence he borrowed 20,000 ducats from the Fuggers and paid the pope for exemption. The pope in return authorized the new archbishop to collect the same amount by selling indulgence in all the three regions under him. The papers were available in shops and banks. Special agents advertized the sale through sermons and prayers.<sup>5</sup> One slogan of the advertizers ran: "As soon as the money in the coffer rings, the toul from the purgatory springs."

One of the agents, a Dominican priest called Tetzel, reached the vicinity of Wittenberg, the locality of Luther. The local ruler, Fredrick the Wise, had forbidden the sale in his locality out of fear of economic drain. Fredrick himself was selling indulgences for his own locality of course. He had, for example, 19,000 relics in his castle church with an indulgence attached to each relic. He had sold a series of indulgences for the construction of a bridge. Earlier he had allowed the sale of indulgences for the crusades. The money collected, however, was entirely used for the university

of Wittenburg. This incident is an example of the tension that prevailed between the pope and the local rulers of Germany.<sup>6</sup>

The Catholics of Wittenburg, however, crossed over the boundaries and bought the Certificates of Pardon. Some wanted to know from Luther whether these papers were worth anything. Luther answered in the negative, Tetzel, the agent, on hearing this, launched an attack on Luther. It was at this juncture that Luther nailed his famous 95 theses on the door of the castle church of Wittenburg. Nailing theses on a church door was the normal way of starting a debate in those days.

### *Printing Press Alters Situation*

The theses of Luther were written in Latin as usual. But Luther had a translation in German circulated for the masses. Perhaps this was the first time that the press was used for the purpose of propaganda. The power of the press was just emerging into the open. The presence of the press was one of the marked differences between the world of Luther and that of the previous reformers. This point may be clear from the fact that between 1457 and 1517 more than 400 editions of the Bible were published. The opponents of Luther too had the facility of the press. They too printed and circulated their counter-theses. Luther's theses appeared on 31 October 1517. Tetzel's 106 counter-theses appeared in December 1517. The public, however, was jubilant over the theses of Luther. When a hawker reached the market place of Wittenberg with 800 copies of counter-theses, the university students nabbed him and burned the theses of Tetzel. Thus what was intended as a modest debate was soon transformed into a fire of revolution.

Each offensive against Luther resulted in a stronger reaction from him. Thus within a short time he had to place an ecumenical council above the pope and practically reject the merit of indulgences. But Luther had not forgotten to mention the economic issues involved. Thus we read in his very first thesis: "If the pope knew the poverty of the German people, he would prefer to see St Peter's in ashes than it should be built out of the blood and hide of his sheep. To this all Germans would agree .... Rome is the greatest thief and robber that has ever appeared on earth, or ever will. Poor Germans that we are... we were born to be masters, and we have been compelled to bow beneath the yoke of our tyrants.... It is time that the glorious Teutonic people should cease to be the puppet of the Roman pontif."

Thus the Reformation from the very beginning was a fight



for political as well as economic freedom. Religion in this sense was only secondary. The exploitation was in the name of religion. Hence the revolt too had to use the same mask. The revolt could succeed this time because of (among other things) the political and the economic distractions of the pope and the emperor.

The pope was no more the king-maker of Europe as he used to be before. Even though the pope had good relations with the Holy Roman Empire, he was less of an emperor-maker than an imperial chaplain. Hence the papal interventions outside the papal kingdom in Italy was conditioned by the interests of the emperor. And it was not in the interests of the emperor or the German prince to hand over a German national hero to be tried and automatically burnt at stakes in Rome. Hence when Luther was summoned on 7 July, 1518, the prince refused to comply with the pope's command. The emperor too was reluctant to touch Luther. The emperor's relations with the German princes were already sour. He did not want to make it worse. Further, he was distracted by the threat of the Turks and was straining his wits to raise money for defence. Of course, the pope declared a crusade. But the Europeans largely ignored it. It is interesting to note here that the same Europe which went to fight the infidels in the Holy Land was in no mood to fight for its own empire. The interest of the Europeans at this juncture was commerce and not crusades. Even when Constantinople fell to the Turks, a call to the crusades (in 1453) by the pope fell on the deaf years of the Europeans.

### *Diet of Augsburg*

Meanwhile, the Emperor had met the German princes in a Diet at Augsburg. The Pope had recommended a levy of a tenth of the priestly income and a twelfth of the lay income for the crusade against the Turks. But the Diet refused as the Germans had paid in the past several times, and the money was always used for papal purposes. The princes categorically stated that "the people would vigorously oppose any further remission of money to Italy."<sup>8</sup> Such a bold rejection of the papal request was unprecedented. In such a situation it would have been disastrous to send Luther to Rome. The Pope and the emperor were further entangled in the election of a successor to the dying emperor Maximilian. The emperor's last wish was to see his grandson (who later became emperor Charles V) elected the Holy Roman Emperor. The pope, however, was in favour of Fredrick the Wise, the ruler of Luther's region. The situation was best suited for Luther. Maximilian was not interested in helping the pope because

the latter did not favour the emperor's candidate. Fredrick could not help the pope because it would estrange his own subjects. Meanwhile, the emperor died on 12 January 1519 and his grandson inherited the crown as Charles V. The new emperor, instead of asking Luther to go to Rome, asked the leaders of the German clergy and the laity to meet him at Worms. After all, the emperor had made an electoral promise that no German would be condemned without a proper trial. But something had to be done to mollify the Pope in view of a conflict that was brewing between France and the empire.

The Diet of Worms (in Germany) met from 27 January 1521. By this time Luther was no more an obscure professor of theology. He had already published 30 items and more than 300,000 copies of his writings sold.<sup>9</sup> His most important work was an "Address to the Christian Nobility of the German Nation", in which he called upon [the German princes to reform the church through a general council. Hence it was no wonder that Luther got a warm welcome on his way, and at Worms he overshadowed the emperor. The upshot of the Diet was that Luther refused to surrender. He ended his response to the Diet: "I cannot and I will not recant anything . . . Here I stand, I can do no other. God help me. Amen." Europe was split into two. The pope and the emperor could only watch helplessly as the medieval chains were broken and a new Europe was being born. The old economy has been withering at least from the tenth century. Now the old religion too was shaken from the bottom. Later, the victory of Cromwell over Charles I of England and the French Revolution were to transform the political structure too.

### *Luther and the German Social Strata*

The Diet of Worms, of course, ended with a world shattering statement: "We have given him (Luther) twenty-one days dating from April 15 . . . . When the time is up, none is to harbour him. His followers also are to be condemned. His books are to be eradicated from the memory of man."<sup>10</sup> The real question, however, was who would harbour Luther and take the benefit of it? Germany had five important strata in those days—the princes, the prelates (ecclesiastical princes), the knights, the cities and the peasants. The knights and the peasants tried first, but failed miserably. Then the princes took over and they won. This is the gist of Luther's success. Below we present a few details which would corroborate our contention.

Let us start with the knights. Two thousand out of 2500

local rulers of Germany were knights. But they together controlled less than 250 square miles of land.<sup>11</sup> Hence the greed of the knights and their eagerness to plunder the church properties are easy to understand. Von Sickingen, one of the knights, seized the estates of the archbishop of Trier. Some other knights plundered the cities of Swabia. But the cities and the princes could not countenance this. The knights were crushed and their castles razed to the ground.

### *Peasant Revolts*

The next turn was that of the peasants. Peasant revolts were actually not new to Europe. There were peasant revolts in France in the thirteenth century, in England in the fourteenth century and in Bohemia in the fifteenth. But none was destined to succeed. The same fate awaited the revolt of the German peasants too. By April 1525, no less than 800,000 peasants were under arms in Germany. They looked up to Luther for support. Luther by this time was a symbol of the new social order. He had fought for years now against hypocrisy and exploitation. Luther too thought that a new society was being ushered in by the peasants. Hence he thundered to the princes: "The sword is at your neck, though you think that you are firmly on the saddle. This conceit will break your necks . . . not the peasants but God himself is set against you."<sup>12</sup> But Luther was mistaken. Germany was not ready for such a radical change, not for at least another few hundred years. This time the princes and the knights were united and marched against the peasants. Luther quickly changed his stance and told the princes that anyone who smote, choked or stabbed the peasants was doing an act that was pleasing to God.<sup>13</sup> Erasmus, who was a Catholic but had supported Luther, was shocked at this diplomacy and told Luther to his face that it was not a good thing to work up the peasants into a fury and then betray them. Anyway, the revolt was crushed and about 30,000 peasants were murdered in cold blood.

Now the Reformation had either to marry the princes or perish. Luther preached openly that the subjects of the princes had no right to insurrection even if their lords were evil and unjust. In one word, the Bible and the rules of Christian morality were placed at the service of the temporal authority.<sup>14</sup> Thus the union between the church and the empire was broken. The new church decided to serve minor lords and local interests. International church became national, an important step towards a bourgeois church. It is not at all implied here that Luther wanted a national church. He wanted only a better church. But the latent

effect or the unanticipated consequence of his wish was a territorial church. Later the nation would become a union between the king (or the parliament) and the burgher. The reformed church was in the frontline to bless that union. Thus Luther laid the foundation unknowingly and probably unwillingly for the triple alliance between religion, nation state and the capitalist.

Luther was the first heretic in Western Europe to defy the pope and escape the Holy Inquisition. It must not be forgotten that a king with wider responsibilities than Fredrick the Wise, may not have supported Luther. Anyhow, test-driving was over, and the Reformation was on the roads. Here is how it started. "His defiance at Worms and his survival had given his followers a new elation, At Erfurt, students, artisans, peasants, etc., attacked and demolished forty parish houses, destroyed libraries, and rent rolls and killed a humanist (June 1521). In the fall of that exciting year, the Augustinian friars of Erfurt abandoned their monastery, preached the Lutheran creed and denounced the Catholic church as mother of dogma, pride, avarice, luxury, faithlessness and hypocrisy."<sup>15</sup> Carlstadt, the archdeacon of Wittenberg, inaugurated clerical marriage by taking a 15 year old girl as his spouse. Luther himself married much later.

### *Backing of the Princes*

These minor movements would have soon died without further reinforcement. Luckily for the Reformation, there were enough princes who hated both the pope and the emperor. The first mighty prince to join was Prussia, a territorial state centred on Berlin which was eventually to dominate the whole of Germany. Prussia at that time was ruled by an order of celebrate monks called the Teutonic Knights. The Grand Master of the Knights, Albert of Hohenzollern, dissolved the order, secularized its lands, and as a vassal of the king of Poland, became the first German Duke of Prussia. Hesse followed suit in 1526, Brandenburg, Ansbach Schleswig Brunswick and Mansfeld in 1528. These were soon joined by important towns such as Nuremberg (1524), Strassburg, Ulm, Augsburg and others, in the years between 1528 and 1531.<sup>16</sup>

If the pope was the imperial chaplain, Luther was a territorial chaplain. He never liked it. Neither could he evade the situation. "Luther, though protesting, eventually tolerated the extension of political authority into the religious affairs. The 'territorial church' in which the territorial ruler acted as the highest bishop (*summus episcopus*) became the normal type of the visible Lutheran church."<sup>17</sup> The new church could still have been

demolished. The pope and the emperor had enough resources between them to fight the Reformation. But the pope was in no mood to augment the political power of the emperor. Because the latter killed the natural son of the former, there were personal antagonisms too. Hence at last the Lutherans were left alone and the principle *cujus regio ejus religio* (the faith of the ruler in the regional religion) was accepted in the Diet of Augsburg in 1555.

Now the new faith could spread far and wide, and it did. Everywhere it served the ruling powers, be they kings, feudal lords or the burghers. The king of Norway, for example, was in need of money and the easiest source to tap was the church properties. Hence the king imposed the Reformation on Norway and Iceland in 1537 and secularized the properties of the clergy.

### *Henry VIII and the Reformation*

The case of England and Henry VIII is famous. In the beginning this king opposed the Reformation, wrote a book against Luther and got the title of "Defender of Faith" from the pope. But then came the victory of Charles V, the Holy Roman Emperor, over France. Henry could not idly watch the growth of the emperor. England could be the next prey. Hence he approached Francis I of France to find out a way to check the emperor and his "imperial chaplain". One of the means of bringing France and England together was that the daughter of Francis I be married to Henry VIII. Henry was, of course, already married to Catherine of Aragon, the aunt of the emperor. A divorce was actually not a big problem in itself. Henry's brother-in-law, Suffolk, and his sister Margaret were divorced and remarried by the Catholic church.<sup>18</sup> But this time there was a political problem. The pope could not humiliate the emperor's aunt.

The "Defender of Faith" now proceeded step by step to demolish that faith. First of all he had the "submission of the clergy" voted by the convocation of Canterbury. This act subordinated the ecclesiastical legislation to the king. Then the parliament, in 1532, reduced the prerogatives of the church. Next the king suppressed the papal right for the first fruits. Finally he married Anne Boleyn. In 1534, the parliament passed the Act of Supremacy. The king now was proclaimed the pope of England.

The reform in Switzerland was welcomed by Zwingli, a military chaplain. He came to power in 1529. He was against the papal authority, image worship and the veneration of the saints. But he was most opposed to mercenary work abroad. From the day the Swiss trade was impoverished by the sea routes, thousands

of citizen of Switzerland were searching work abroad as mercenaries. When Zwingli came to power, there were 20,000 serving in France and 60,000 in other countries. Together these men earned four million livres, a sum equivalent to the annual export of the Netherlands to France.<sup>19</sup> But Zwingli found this degrading and demoralizing. The cities too agreed with him. The countryside, however, was poor and needed service abroad. Hence there erupted a civil war between the cities and the villages. Zwingli was killed in the fight. Berne, Basle, and Zurich stood for the new order. Lucerne stood for the old order under the aristocracy who made huge profits from the traffic in mercenaries. A civil war or any disorder in Switzerland was a problem for its neighbour, France. Hence France intervened and the Catholics and the Protestants agreed on a truce in Switzerland.

The intervention of political and economic interests in accepting or rejecting the Reformation was apparent in every country of Europe. There were even instances when the Catholics and the Protestants together fought more radical reformation to the finish. Such, for example, was the case of the "communism" inaugurated by one Mathys in February 1534 in Muenster in Germany. This ex-actor went about in splendid robes with attendant court, armed guards and a new nobility. The poor prophet, however, was defeated in a joint attack by the Catholics and the Lutherans. Eventually he was tortured to death. Every man and woman who belonged to his republic was butchered in cold blood.<sup>20</sup> Leaving such minor incidents aside, let us turn to the next important figure after Luther.

### *John Calvin and His Church*

The most important factor that brought victory to Calvin (1509-1564) was the victory of Luther before him. If there were no Luther, there would have been no Calvin too as he is known today. Calvin was a graduate in law and was immersed in the study of classics when the waves of the Reformation reached the university of Paris. The Reformation was being tolerated or persecuted according to the day-to-day needs of the French government. The rector of the university of Paris, Nicholas Cop, made his inaugural address at a wrong moment. The government offered 300 crowns for his head because he advocated tolerance of the new faith. Calvin too opted for the new order. Hence he was in and out of French jails for some time. Ultimately he left Paris in December 1534 and joined his rector in Basle. "There, a lad of twenty-six, he completed the most eloquent, fervent, lucid, logical,

influential and terrible work in all literature of the religious revolution."<sup>21</sup> When the book, *The Principles of Christian Religion*, was sold out in one year, he published the new edition in French and Latin. After several editions and enlargements, the book attained the bulk of 1,118 pages. Among other things, the book emphasized the incapacity of man to do any good. The salvation of man was therefore a free gift of God, predestined from eternity. Man could do *nothing* about it.

### *Conditions of Geneva during Calvin's Visit*

It was after this much intellectual attainment that Calvin happened to pass through Geneva, an illustrious town on the ancient trade routes. But the city had fallen on evil days. Bern had taken over economic leadership and the Duke of Savoy had imposed his political domination over Geneva. This duke had little concern for morality. Hence the poverty and unemployment were covered up by drinking, prostitution and clerical concubinage. The burghers of the city, however, hated both the duke and his corrupt church. They made an alliance with the Catholics of Freiburg and the Protestants of Bern to bring the bourgeois rule back to Geneva. Though in a declining stage, Geneva was still a meeting place of the Italian, the French and the Swiss traders. Those who pledged themselves to liberate the city were called Eidegenossen in German and Huguenots in French. In English they may be called confederates.

The Huguenots set up a Great Council of Two Hundred (in 1526) which selected a small Council of Twentyfive. This organization pitted itself against the Duke of Savoy. The Catholic church, however, was still feudal and defended the duke. Hence the Huguenots overthrew the prince and the bishop and established the rule of the burghers two months before the arrival of Calvin. The leader of the new church, William Farel, was modest enough to concede the spiritual leadership to Calvin. Calvin cleaned the city of prostitutes and closed the wine shops. He opened new shops with fixed quota of wine and introduced evangelical preaching and religious songs into these shops. But Calvin was forced very soon to close his new shops and open the old ones. But the story was not over.<sup>22</sup>

Calvin knew theology, law, and classics. But he was new to administration and social psychology. He prescribed detailed rules of conduct for the Genevans. Anyone who violated the rules was liable to be banished. The net result was the banishment of Calvin and Farel. The council of the city announced on.<sup>23</sup> April 1536 that

Calvin and Farel had three days' leave to quit. Farel left for Neuchatel and Calvin reached Strassburg. The exit of these spiritual leaders was celebrated in Geneva with public rejoicings.

Geneva was immediately threatened by the coming back of the Catholic bishop. As a preliminary step, the bishop had an "Epistle to the Genevans." written by Cardinal Sodelot and sent to the city and its governing body. Calvin could not sit idle before this Catholic offensive, though he had no personal ambition to go back to Geneva. Hence Calvin too had an epistle printed and circulated. This piece of writing was a masterpiece. The Genevans liked it, printed and circulated it at their own cost. Meanwhile, anarchy was spreading in Geneva. The people had not yet learned to live without a religion. "Gambling, drunkennes, street-brawls, adultery flourished, lewd songs were publicly sung, persons romped naked through the streets. Of the four syndics who had led the movement to expel Farel and Calvin, one had to be condemned to death for murder, another for forgery, a third for treason and the fourth died while trying to escape arrest."<sup>23</sup>

### *Calvin Brought Back*

Geneva was left with two alternatives: the old order with the duke, the excommunication, drunkennes and so on or the severe rule of Calvin. The citizens preferred Calvin. He was brought back with incessant persuasion. An unwilling Calvin was showered with honours, apologies and cordiality on his entry back on 13 September 1541.

Both the bourgeoisie and the leader (Calvin) were careful this time. Calvin was after all a disinterested, though rigorous, ruler. He was not corrupt. He wanted only the good of society. This time he was careful to do good to the bourgeoisie too. He followed the line of Socrates and accepted class divisions as natural. "Every person was expected to accept his place in society and to perform his duties without envy of his better or complaint of his lot . . . Calvinism gave to hard work, sobriety, diligence, frugality and thrift a religious sanction and laurel that may have shared in developing the industrious temper of the modern protestant businessman; but the relationship has been overstressed."<sup>24</sup>

The precise point of this paper is that there was an over-stress regarding the influence of Calvinism on capitalism and on the modern world in general. As pointed out in the beginning of this paper, one has to stress both the lines of influence as Marx did. According to Marx, as according to Weber, the Reformation stood at the cradle of modern man. But Protestantism was much



cradled by the modern man as he was by the former. The burgher accepted the Reformation because it suited him. In the words of Marx: "The money cult implies its own asceticism; its own self-denial, its own self-sacrifice, parsimony and frugality, a contempt for worldly temporal and transient satisfactions. It implies the striving for an everlasting treasure. Hence the connection between English Puritanism, but also of Dutch Protestantism, with money making."<sup>25</sup>

### *Economic Factors*

Weber elaborated the above casual remarks of Marx into a full book, *The Protestant Ethic and the Spirit of Capitalism*, wherein he tried to show that Calvinism was the independent variable and that Marx was one-sided. It is also well known that Weber had ultimately to abandon his project and leave his thesis as a research design. The point we want to make is that there is enough data in history to show that Calvinism or the Reformation in general cannot be understood without the economic factors which influenced its birth and its growth. Historians have amply testified in favour of this point though not many sociologists. Thus Will Durant, who has written over a thousand pages on Reformation, states: "Calvin could no longer have kept his leadership had he obstructed the commercial development of a city whose commerce was its life. He adjusted himself to the situation, allowed interest charges upto ten percent, and recommended state loans to finance the introduction or expansion of private industry, as in the manufacture of clothing or the production of silk. Commercial centres like Antwerp, Amsterdam and London took readily to the first modern religion that accepted the modern economy."<sup>26</sup> RW Tawney comments on the spread of Calvinism: "In all countries alike, in Holland, in America, in Scotland, in Geneva itself, the social theory of Calvinism went through the same process of development. It had begun by being the very soul of authoritarian regimentation. It ended by being the vehicle of an almost utilitarian individualism."

The contention of Max Weber, the most prominent sociologist to deal with the Reformation, however, is that we must free ourselves from the idea that it is possible to deduce Reformation as a historically necessary result from certain economic changes. Countless historical circumstances, which cannot be reduced to any economic law and are not susceptible to economic explanation of *any sort*, especially purely political processes, had to concur in order that the newly created churches should survive at all.

Weber has discussed six religions and written three books to make his point. But he could not win his case.

We too agree with Weber that countless little incidents have helped the origin and growth of the Reformation. But it appears that one need not get lost in those little incidents. Even according to Weber himself, the fate of a sociologist depends on whether he is ready to choose one prominent factor and see its influence on the course of history.<sup>27</sup> This is again the methodology he chose for himself. He has refused himself to be lost in the details. He was continuing with his discussion on the origins of modern capitalism in 1918. Now we take it for granted that Weber would have admitted the influence of "innumerable little incidents" in the case of capitalism too. But he singles out the religious factor. For "...the germ of modern capitalism *must be sought* in a region where efficaciously a theory was dominant which was distinct from that of the East and of classical antiquity...."<sup>28</sup> By extending Weber's own logic to our case we conclude that if there was one factor which was more important than others in bringing about the Reformation, it was the economic factor. The economic factor was working at both the ends. On the one side it created an opposition to the Catholic church through papal taxes and on the other end it encouraged resistance by bringing up a new economic force: the mercantile capitalism and the upcoming bourgeoisie.

<sup>1</sup> Especially relevant are the three books of Weber, *The Protestant Ethic and the Spirit of Capitalism*, *The Religion of India* and *The Religion of China*. The first book, in which he shows that Calvinism supplied the psychological prerequisites for modern capitalism, is the most famous and the most controversial. The second book asserts that India could not produce capitalism because Hinduism was otherworldly. The third book says that Confucian ethics was teaching an accommodation with the world and hence it did not provide a positive inspiration for rational economic enterprise as did Calvinism.

<sup>2</sup> "Even historically theoretical emancipation has special significance for Germany. For Germany's revolutionary past is theoretical; it is the Reformation . . . the revolution then started in the brain of a monk . . . But if Protestantism was not the true solution of the problem, it was at least the true setting for it", Marx and Engels, *On Religion*, Moscow, 1954, p 50.

<sup>3</sup> To explain this statement fully one has to make a perusal of the Marxist theory of religion. The scope of this paper, however, does not allow such a venture. Hence we take it here for granted that there is no absolutely independent existence nor influence for religion and ideology. Nor is religion (nor the superstructure in general) a passive element. Religion exists partly to console the individual at such miserable moment as death, sickness and so on, and partly to defend, justify and to reinforce the infrastructure and its relations of production.

As far as Calvinism and capitalism were concerned, Marx did not analyse their relation as elaborately as Weber did. Yet the casual remarks of Marx make it clear that Calvinism was bound up with the new mode of production. One such casual

remark of Marx is: "The money cult implies its own asceticism, its own self-denial, its own self-sacrifice, parsimony and transient satisfactions. It implies the striving for an everlasting treasure. Hence the connection between English Puritanism, but also of Dutch Protestantism with, money making", quoted in Paul A Baran, *The Political Economy of Growth*, New York, 1957, p 48.

<sup>4</sup> H Holborn, *A History of Modern Germany*, London, 1965, p 91.

<sup>5</sup> Will Durant, *The Reformation*, New York, 1957, p 338.

<sup>6</sup> *Ibid*, p 340,

<sup>7</sup> R H Brinton, *Christiandom*, New York, 1959, p 59.

<sup>8</sup> Durant, *op cit*, p 347.

<sup>9</sup> Holborn, *op cit*, p 137.

<sup>10</sup> Durant, *op cit*, p 363.

<sup>11</sup> Holborn, *op cit*, p 39.

<sup>12</sup> *Ibid*, p 174.

<sup>13</sup> *Ibid*, p 176.

<sup>14</sup> Jacques Pirenne, *Tides of History*, London, 1963, Vol II, P 493.

<sup>15</sup> Durant, *op cit*, p 364.

<sup>16</sup> G R Elton, *Reformation Europe*, London, 1963, p 63.

<sup>17</sup> Holborn, *op cit*, p 187.

<sup>18</sup> A L Fisher, *A History of Europe*, London, 1957, p 460.

<sup>19</sup> Pirenne, *op cit*, p 503.

<sup>20</sup> Elton, *op cit*, pp 100f.

<sup>21</sup> Durant, *op cit*, p 460.

<sup>22</sup> Elton, *op cit*, p 22. It gives details of the reactions of the Genevans against Calvin.

<sup>23</sup> Durant, *op cit*, p 460.

<sup>24</sup> *Ibid*, p 475.

<sup>25</sup> See Note 3 above.

<sup>26</sup> Durant, *op cit*, p 475.

<sup>27</sup> Weber states, for example, "Whoever lacks the capacity to put on blinkers, so to speak, and to come up with the idea that the fate of his soul depends upon whether or not he makes the correct conjecture . . . may as well stay away from science". See JET Eldridge, *Max Weber*, London, 1971, p 9. Actually Weber himself put on blinkers on a number of instances. When he interpreted the fall of Rome (Eldridge, pp 254-274) he used only the economic factor as a key. When he interprets the origins of modern capitalism, however, he takes only the ideal factor.

<sup>28</sup> Max Weber, *General Economic History*, 1923, p 357.

DIPANKAR GUPTA

*The Shiv Sena Movement: Its Organization  
and Operation*

PART TWO

MOBILIZATION in the Shiv Sena involves every one from the highest party official to the lowest. When any situation arises which needs immediate discussion at various levels, a notice is published in the *Marmik* (the Shiv Sena mouthpiece) with the date, time and venue of the meeting. In the case of extreme urgency, however, the *vibhag pramukhs* are informed by either Thackeray, or more often by a member of the *karya karani*. The *vibhag pramukh* then informs the corporators, the *upa vibhag pramukhs*, and *shakha pramukhs*, who in turn inform other members and visitors to the *shakhas*, going down to the level of the *gata* members.

For those who cannot be reached through telephone or who are not easily available, special messengers are sent by the *shakhas*. Announcements of the Shiv Sena programmes are communicated similarly, and the *shakha* members publicize them on blackboards which are placed in important areas of the ward for the benefit of the general public as well as for other Shiv Sena activists. Sometimes the blackboards spell out an exhortation to the Shiv Sainiks explaining the need for a particular line of action, or an ethic which the Shiv Sena wants them to cultivate. The blackboards also give directions on how and where they should assemble before they proceed for a mass demonstration. The messages are written in bold ornate letters with different shades of chalk.

Strategy, in detail and in depth, say in the case of a *bandh* (stoppage of main civic and economic activity) or a *morcha* (demonstration) is discussed by the *karya karani* and the news is passed down the hierarchy. After this the *karya karani*s go round to various *shakhas* to explain the exact method of operation and answer the questions that arise. Word passes swiftly from one *shakha* to another so that by the time a *karya karani* has finished with three or four *shakhas* the news has reached the other places ahead of him.<sup>1</sup> The efforts of the *karya karani*s culminate at times, as it happened in December 1973 before the Shiv Sena *bandh*, in a speech by Bal Thackeray at a massive Shiv Sena rally.

The *gata pramukhs* play a very important role in Shiv Sena mobilization. The *gata pramukhs* are usually familiar with all the people residing in their localities. They keep a tab on the persons who are against the Shiv Sena and those who are likely to support it. This makes it difficult for any one to remain effectively neutral, especially in areas like Dadar which are Shiv Sena strongholds. It is also difficult to escape the notice of the *gata pramukh*, and ignore his behests to come out and participate. This influences many people to join the Shiv Sena in any demonstration or *bandh*. Sometimes these are also looked upon as outings with neighbours and friends.

### *Contacts with Underworld*

The Shiv Sena also has its own group of select bodyguards. Some of them are Thackeray's personal bodyguards. These people have contacts with the underworld. "If the Shiv Sena is in any trouble," said a *shakha pramukh*, "we have no problem in getting physical help. The task force we sent to Kausa in 1971, sensing trouble for Balasaheb (Thackeray) from the Muslims, was collected in an hour."<sup>2</sup> The *zilla pramukh* of Panvel said: "We have friends in many *matkas* (a popular form of gambling in Bombay) and bootlegging dens. These dens are organized and they have their groups of toughs. They also help us for they know we can help them too."<sup>3</sup>

We shall now present the process by which the Shiv Sena extends its hold to i) the rural areas, and ii) factories and bureaucratic organizations in urban areas. Its advance in these areas was calculated, unlike the spontaneous mushrooming of *shakhas* in Bombay in 1966. The Shiv Sena used the village schisms and factions to its advantage. In the rural areas, the threat that the Maharashtrians faced in Bombay from outsiders was by and large non-existent, nor was there migration of any significance to these areas.<sup>4</sup> Therefore, the Shiv Sena sought to reflect the sentiments

and problems of the rural and semi-rural Maharashtrians in order to mobilize their support and thereby extend its organizational base. In the Bhaindar division of Thane, for instance, it demanded that a proper bridge be built across the creek which separates Uttan from Bhaindar. Many local people backed the Shiv Sena demand, and in the ensuing momentum four *shakhas* were set up. In Bhaindar again, it sided with the salt processors (*shilotri*) against the *dalals* (traders who act as middlemen) in their dispute over the exact weight of the salt processed. Also many of the *shilotris* were unable, because of the red tapism involved, to transfer plots from their grandfathers' names to their own. The Shiv Sena helped them so as to win their support. In Juchandra in Bassein taluka they demanded that a tannery and skinning workshop in a residential area should be removed as it disturbed the neighbourhood with its foul odour. In Virar, they bought some sewing machines and employed a teacher to enable ladies to come and learn how to sew. In Kalher, they demanded a pipeline for the village, and V Mahadik (a Shiv Sena corporator from Bombay) pushed this demand through in Bombay Corporation. In Tewdee and Paryer villages the Shiv Sena agitated for a better bus service. Similarly in Saatpati taluka it demanded cold storage facilities for the fishermen, and in Saffala, which is an important milk producing centre, it called for regular train services so as to ensure the milk supply to Bombay.

### *Communal Tensions Accelerating the Spread*

The Shiv Sena's spread to Bhiwandi, Mahad and Kalyan was accelerated by the communal tensions prevailing there in 1970-1971 between the Hindus and the Muslims. In Kalyan and Mahad it fought for the Hindu claims over the Durgadi and Mahakawati temples respectively. In Bhiwandi it aggravated a tense communal situation leading to what are known as the famous Bhiwandi riots. According to Satish Pradhan, they were able to set up four *shakhas* with active local support in Bhiwandi reaching out as far as Taroza in Kolaba district "because of our heroism in Bhiwandi."<sup>5</sup> Recently the Shiv Sena has been fighting for the residents of the villages who come under the New Bombay Scheme. According to Manohar Joshi, "compensation alone is not sufficient for the peasants who forfeit their land. They should be given proper job opportunities for which they should be trained. Their employment should be assured."<sup>6</sup>

On the Shiv Sena's method of mobilization in these outlying areas we will quote Satish Pradhan, the *pramukh* of Thane, in full:

Our hold in the Thana Municipality helped us a lot. We came to know various types of people in different areas of this district and gradually our relationship grew. I am also provided with a jeep and this helps me tour the area extensively. Furthermore, I have lived in this area all my life and I have been fairly active as well. I have relations and friends in other villages who come to Thana to work. Those who are inclined towards the Shiv Sena tell us of their problems in their particular villages and if they invite me, I go there promptly. But if there is no invitation I work it out in such a way that they are forced to host me. Whenever I listen to any problem I think how the Shiv Sena can be taken there. Then it also happens that when we are visiting one village we come to know the problem of the adjoining village. I came to know the *shilotri* affair this way. We hardly have any official affair this way. We hardly have any official backing in the initial stages to help us; we go there on our own in a small group of seven to ten people and assess the situation. We organize a meeting there with the person who is hosting us, or we ask someone to help us arrange a meeting. If the response is good then we establish a *shakha* there. Later, one of our senior leaders goes to some of the main centres, and sometimes Balasaheb visits these areas with his entourage of five or six cars and trucks load of Shiv Sainiks (as in his Konkan tour of 1970). This gives the villagers an understanding of our power. In case they are harassed, they come to us for they know we have the strength to protect them.<sup>7</sup>

### *Expanding Contacts*

Stories of the Shiv Sena's bravado and daring also help its image. The expansion of Shiv Sena *shakhas* to these areas normally proceeds quietly and unostentatiously.<sup>8</sup> But when mass action is required or when a serious confrontation, like that in Bhiwandi, is in the offing, volunteers are sent by trucks from Bombay, well armed with chains, knives and rods. The Shiv Sena uses the local problems and tensions as its springboard to exercise its influence over a wider domain. Personal contacts and the popular image of the Shiv Sena help to draw people closer to it. The presence of organized groups in Bombay and Thana provides it with the essential physical and numerical support in times of crises.

The Shiv Sena enters the factories in the following ways:

- a) Shiv Sainiks working in a factory set up a unit there

and campaign for workers to join it. If they are successful in establishing a unit then they ask one of their leaders to address it and he brings a number of Shiv Sainiks from the adjoining *shakhas* to ensure a good gathering.

b) When there is a strike on, the Shiv Sena elements start dissuading the workers from continuing it. But they do this only when the strike is a few weeks old and there are no signs of a settlement. If they are able to sway a sizable section of workers (as in T Maneklal in 1969) then one of the senior Shiv Sena leaders negotiates with the factory management and the job is done. The management accedes to the demands and the Shiv Sena is given the credit for the settlement. An agreement is made with the Bharatiya Kamgar Sena (BKS).<sup>9</sup> This saps the existing unions of their strength.

c) When a militant strike is on in a factory and there is no significant section of the Shiv Sena working there, or the workers are strongly united (this happens mainly in the textile mills), then the Shiv Sena resorts to strike breaking. A Shiv Sainik factory worker of Century Mills, and a BKS activist said: "These industrialists inform Balasaheb. If it is a communist organized strike then Balasaheb is happy to help, but on the condition that his men are employed. A truck load of armed Shiv Sainiks storm the factory gates, break the strike and enter the factory. The striking workers are sacked and the Shiv Sainiks are employed in their places."<sup>7</sup>

In the Parle Bottling Factory in Andheri, Bombay, a foreman, who was a Shiv Sainik, employed 600 people to break the strike in 1971. A similar but unsuccessful attempt was made in Oil Seeds in 1973. Datta Pradhan agrees with this but he says that it cannot be done so easily in every case. Only when a large section of the workers are unskilled or semi-skilled will this method be effective, for "we cannot replace all the skilled workers." Strike breaking (or blacklegging) is the favourite play of the Shiv Sena against left sponsored strikes. "The Shiv Sena has specialized in blacklegging and anti-working class activity."<sup>11</sup>

d) The fourth method is best exemplified by the Bombay Electric Supply and Transport Kamgar Sena manoeuvres. They first concentrate on depots with a large number of Maharashtrian workers. Elaborating his point, Datta Pradhan said, "We tell the *shakhas* in that area to arrange for a crowd and do some advance propaganda for us. We contact certain people whom we know and cultivate that section of the employees who are relatively neglected



in the present union set-up. Then with the help of Deodhar (he was an employee of the BEST and ex-corporator of the Shiv Sena) or Navalkar we attack the existing unions and exploit their factions and ask for support. In the BEST we found that the technicians in the engineering division are better off than the conductors and drivers. So we concentrated on them."

They failed in Colaba and Bombay Central bus depots where there were many non-Maharashtrians. "The response was feeble in the beginning but it has gradually gained momentum."

e) The last method is most applicable to small establishments. When the entrepreneurs of these come to the Shiv Sena for its help in getting licences, electricity connections and so on, the Shiv Sena, where it can possibly help, makes the condition that their men should be employed.<sup>13</sup> This guarantees Shiv Sena unit in the establishment.

The Shiv Sena enters the ranks of the white collar workers in various offices through the Sthaniya Lokadhikar Samiti (SLS). Its methods follow a similar pattern. The main attack in these cases centres round the issues that non-Mahashtrians hold top positions in the office establishments and that 80 percent Maharashtra should be employed.<sup>13</sup> With great fanfare, as in the case of Reserve Bank of India and Air India, Shiv Sainiks demonstrate in front of the chief executive's office, and force him to grant an appointment to them.<sup>14</sup> Excitement is built up in the office and this becomes the talk of the staff. A half-day or a full day strike is called and Navalkar or Mahadik is asked to speak at the entrance to the office. By this time they will have established a foothold in the office and various strata of white collar employees, from lift-men to a few officers, are attracted to the SLS. As the manager of the Girgaum branch of the State Bank of India said, "The SLS makes us feel secure and protected."

### *Leadership, Decision-Making and Control*

In spite of the fact that gradual differentiation and decentralization is taking place in the Shiv Sena organization and in spite of the considerable delegation of authority, Bal Thackeray is still the final arbiter of all disputes. All decisions taken by the various branches and bodies of the Shiv Sena must have his concurrence. Thackeray's decision is final in every case.

For these reasons and also because of the fact that Thackeray openly ridicules democracy, he has been accused of being a dictator.<sup>15</sup> But according to Navalkar there is no question of dictatorship, "We sit together and discuss the issue for hours.

Sometimes we disagree with Balasaheb and many of us put forward our disagreements in terms of doubts and clarifications, and we do not make any show of opposition. But the issues are settled through common participation. Balasaheb is our leader, and the decisions are his finally."<sup>16</sup> Thackeray says "I look upon the Sainiks as my children. A family can only run when one makes the decisions."

The *karya karani* in discussion with Bal Thackeray formulates all top level decisions regarding the programme and strategy of the Shiv Sena as a whole. This body also guides the Shiv Sena movement ideologically, and any modification or change in the Shiv Sena ideology is decided by this body under Bal Thackeray. Also pressing problems and vexatious issues relating to the other branches of the organization which have wider ramifications, are sorted out here. Policy decisions are made by this body, and these decisions are then conveyed to the other organs like the *shakhas*, the BKS, the SLS and so on. Day-to-day matters are handled by the various officials concerned. If a lower official is unable to solve a problem, he takes it to the higher official and if he wishes he may bring the matter to Thackeray's notice.<sup>17</sup> Thackeray's decision in that case is final. However, Thackeray may freely intervene and overrule the decisions of any official or body of the Shiv Sena.<sup>18</sup> Thackeray is, however, not impervious to organizational pressure; he was forced to dismiss the general secretary of the BKS in January 1974 due to rising resentment among workers against the latter.

### *Controlling Leverage*

Bal Thackeray makes no bone about the fact that he is the undisputed chief of the Shiv Sena. The other leaders of the organization, such as the members of the *karya karini* are selected by Bal Thackeray, and owe their position solely to him and to the degree of confidence Thackeray has in them. This gives Thackeray the controlling leverage against any member who dares to oppose him. He uses this effectively to remove anybody from office. In 1969, soon after Datta Pradhan was appointed to build the organizational base of the Shiv Sena, a minor power tussle ensued. Pradhan tried to dilute the trust of the rank and file of Shiv Sainiks in Thackeray, and urged them to consider and judge issues independently. This information was brought to the notice of Thackeray by the very people with whom Pradhan had conversed. When the next meeting was held Thackeray brought this issue out in the open, and asked members to give their evidence. Pradhan

had a difficult time defending himself and it is said that he felt humiliated. The image that he had built up by telling others that he was senior to Thackeray in the RSS, and that Thackeray depended on his advice, crumbled. The facts were, however, more or less true. After this Pradhan was removed from the post of *sanghathan pramukh*.

After Pradhan's humiliation a board of advisers or the *karya karini* was formed. But Thackeray wished to retain the services of Pradhan, and he was inducted into the *karya karini*. The *karya karani* with eight members of equal rank does not give an individual member any special power, nor is there any one person officially next to Thackeray in the hierarchy. This seals the lid on the possibility of any one member challenging Thackeray's authority. Thackeray said; "I made it very clear that if anybody had any disagreements with me and carries it outside, or opposed me openly, he is welcome to leave. Once he is out I will never take him back."

Thackeray and the Shiv Sena leadership as a whole take certain disciplinary measures to control the actions of their officials and followers. The *shakha pramukh* of Byculla said, "It is humiliating to be lashed by Balasaheb, for it is done publicly. Therefore, before we take any tricky decision we always meet him". In certain areas, of course, they have Bal Thackeray's full support in doing just about anything they want, particularly if the victim is a communist or anti-Shiv Sena.<sup>19</sup> But the indiscriminate attacks on the Congress are not well received<sup>20</sup> and during the Bombay *bandh* of 1974, Thackeray chided his followers for burning many railway compartments. S Deshmukh, a member of the *karya karani* said, "If we have to discipline or expel anybody we do it in our meetings, for there we can completely expose the person and he will have no chance to hit back in the future and in the next issue a notification will appear in the *Marmik*." These disciplinary measures may appear very arbitrary. Thackeray alone decides on them and there is no definite criteria for them. He may tolerate a person who indulges in gambling and bootlegging, but may summarily dismiss anyone who opposes him in the meetings. There is no formal procedure whereby a person is expelled. But it is usually done with the full knowledge of the *karya karani*, *shakha pramukhs* and other bodies. The victim's expulsion and humiliation take place in public, followed by a notification in the *Marmik*.

### *Recruitment*

The selection of members to various posts also follows Thac-

keray's dictates, strengthening his control over the organizational apparatus. In the beginning (in 1966), the appointment of *shakha pramukhs* was done haphazardly with a rough and ready method of matching personality with demonstrable conviction. Later, before the 1968 elections, those *shakha pramukhs* who did not work efficiently were weeded out. Now *shakha pramukhs* are appointed by Bal Thackeray on a more rational basis. After 1969, he had been taking into account the nature of the job and the educational qualifications of the aspirants.<sup>21</sup>

For the selection of candidates for the corporation election in 1968, the above qualities were emphasized. But these were not the exclusive criteria. The choice of a candidate was also determined by his zeal and enthusiasm. The background of the candidates was supplied by other Shiv Sainiks of the ward who sponsored him. The leaders of the *shakhas* were normally well known in the locality, and had participated in cultural functions and were members of various cultural organizations. Some, like Shingare, were known as fighters and active campaigners for the RSS. At other times they were selected because of their family standing. Therefore, in these selections a variety of factors come into play.

The selection of candidates for the 1973 corporation election was more systematic. From each ward the *shakha pramukh* and the *vibhag pramukh* decided on the likely candidates for the election. They were chosen not only from among the active workers and office bearers but also from among respectable and reputed persons in the locality like doctors and lawyers and those who ran typing and coaching classes. These persons should also have shown their sympathy and support to the Shiv Sena over the years. A list of names is made out with complete information on the background and qualifications of each and sent to Thackeray.

### *Principle of Selection, not Election*

Thackeray takes pride in being a good judge of faces. He says, "I have chosen my men with intuition; I can make out from the face. Nobody can fool me." The final decision is Thackeray's but he listens to his advisers before taking it. Others do not complain for they revel in the fact that in their organization it is selection and not election. "With elections infighting starts and this ruins the morale of our leader. It is the leader after all who decides," says K. Thackeray, a corporator. At the same time it also keeps the members under Bal Thackeray's control, for, if they

are selected by him he can also drop them at his will. This ensures their submission and loyalty to him.

There is, however, no formal screening or apprenticeship period for those who wish to become Shiv Sena members. According to Sudhir Joshi, Mayor of Bombay in 1973, "anyone who feels the interest of Maharashtrians close to his heart is a Shiv Sainik". They do not have to fill in membership forms,<sup>23</sup> nor do they have to pay any membership fee. But according to *shakha pramukh* Tendulkar, from time to time they collect donation from Shiv Sena activists and sympathizers. There is however no fixed amount that each member has to contribute. A portion of the finances of the Shiv Sena is also forcibly extracted under threat from Muslims and South Indians, shop-keepers and hoteliers as "protection" money.<sup>25</sup>

To sum up, the Shiv Sena has gradually expanded and diversified over the years, but this has not in any way resulted in the diminution of Bal Thackeray's authority as the supreme leader. His leadership still remains dictatorial in character. The Shiv Sena organization may also be called a formal one, in the sense Etzioni, Blau and Schoenherr have employed the term. The "differentiation into components along various lines in the formal structure of the organisation"<sup>26</sup> is apparent in the Shiv Sena with its appropriate delegation of authority and specialization of activity.

But at the same time the Shiv Sena organization has many informal characteristics. It does not have a membership register, or a regularized system of subscription to the Shiv Sena funds by way of membership fee and so on. Its regular full-time office staff is also very small. Its offices are generally run by Shiv Sena partisans who are employed elsewhere. They are available, therefore, only after office hours, and that too not regularly. For that reason the maintenance of records in their offices is of a very poor order. The Shiv Sainiks recognize this but they do not consider it to be very important, and evidently there is no move to rectify matters in this direction.

We have also noticed in this paper how the Shiv Sena branched out in several directions to the rural areas and to the glamour world of the film industry. But in spite of all this we found that the organizational character of the Shiv Sena has not changed much since 1970. The first impetus to organize came after Thackeray realized that he had more followers than he had imagined (after the first public meeting in October 1966) but the

organizational structure that came about then was ad hoc in nature. The subsequent expansion of the organization and what degree of formalization that exists today, came about primarily as a result of the Shiv Sena wanting to reach out, beginning with the municipal elections of 1968, to a larger cross section of the masses and consolidating itself. But the organization was formulated and differentiated only to the extent necessary to promote the stated ends of the Shiv Sena and to further its class interests. It was not the outcome of the impersonal dictates of the inherent dynamism of structures of the kind outlined by the "organizational theorists" mentioned earlier.

(Concluded)

- <sup>1</sup> S Deshmukh, personal interview, Bombay, December 1973.
- <sup>2</sup> Personal interview, Bombay, June 1973.
- <sup>3</sup> Personal interview, Bombay, April 1973. Although the Shiv Sena chief has come out publicly against *matka* (gambling) and bootlegging, many Shiv Sainiks are associated with these activities. The Colaba *shakha* is housed next to a local *matka* den with common entrance. Shiv Sainiks can be seen sitting there. These dens are utilized by various political parties and the Shiv Sena does the same. Occasionally, as Vinayakrao Bhawe of the *Blitz* pointed out, when they attack an underworld den it is because it has been recruited by a rival organization (personal interview, Bombay, February 1973). Bal Thackeray once said that he would not mind if the bootleggers and *goondas* (toughs) were Maharashtrians, but he would not tolerate South Indian *goondas*. See K K Gangadharan, *Sociology of Revivalism*, New Delhi, Kalamkar Prakashan, p 132.
- <sup>4</sup> Of course, there are certain industrial zones like the Thana-Belapur belt, but migration to the areas surrounding it is low. This industrial belt runs parallel to the villages. On one side of the road there are big factories and on the other side the villages.
- <sup>5</sup> Personal interview, Bombay, November 1973.
- <sup>6</sup> Personal interview, Bombay, March 1973.
- <sup>7</sup> Personal interview, Thana, December 1973.
- <sup>8</sup> Many *shakhas* also wither away once the issues which brought them up recede. Satish Pradhan said that they lacked the machinery to constantly revitalize these *shakhas*.
- <sup>9</sup> B S Dhume, *Treachery of Bharatiya Kamgar Sena*, Bombay, Engineering and Metal Workers' Union.
- <sup>10</sup> Dhume, personal interview, Bombay, December 1973.
- <sup>11</sup> P B Waidya, personal interview, Bombay, February 1973.
- <sup>12</sup> S Pallav, *shakha pramukh* of Colaba till 1973, personal interview, Bombay, April 1973.
- <sup>13</sup> Handout of the SLS in the State Bank of India, 24 December 1973.
- <sup>14</sup> An assistant general manager of BEST said that it was all arranged beforehand. After some slogan shouting and demonstration, the leaders were called in by the general manager. This, however, need not be the rule.
- <sup>15</sup> See K K Gangadharan, *op cit*.
- <sup>16</sup> Navalkar, personal interview, Bombay, August 1973. Also see Datta Salve, *Rajashree* Vol 9, No 7, Special Issue, August 1972, p 8.
- <sup>17</sup> The following instance will elucidate the matter. A Sindhi gentleman, who owns a lathe with five machines, wanted to expand his establishment. For this purpose, he requested his tenant to vacate his flat. The tenant, also a non-Maharashtrian, refused to do so. The Sindhi gentleman took the matter to the *shakha pramukh*. The *shakha pramukh* was unable to solve the issue. So he brought it up to the *vibhag*

*pramukh*. Meanwhile the tenant came to know of the parleys between his landlord and the Shiv Sena, and approached the *shakha pramukh* and then the *vibhag pramukh*. The matter was ultimately brought to Bal Thackeray. Thackeray heard the story and asked the Sindhi gentleman how many people he employed and how many of them were Maharashtrians. The Sindhi gentleman remonstrated that though none of the nine employees was Maharashtrian it was not because he was anti-Maharashtrian; no Maharashtrian came to him for a job. Thackeray retorted that it was a black lie. "Do you expect me to help you when you have not helped us?" The case was closed against Sindhi lathe owner.

- <sup>18</sup> Bal Thackeray overrode the objections of many members of the *karya karani* and of the *shakhas* and the BKS when he decided to oppose the Maharashtra state government employees strike in 1970, when he supported R Adik of the Indira Congress in the 1974 by-election and more recently when he opposed the 1974 railway strike.
- <sup>19</sup> After the murder of Krishna Desai of the Communist Party of India, Thackeray publicly congratulated his Sainiks. See R G Sardesai, *Fascist Menace and Democratic Unity*, New Delhi, People's Publishing House, 1970.
- <sup>20</sup> Thackeray is said to have attacked Shingare for abusing Indira Gandhi when the latter was campaigning for Savarkar. V Mahadik, personal interview, Bombay, June 1974.
- <sup>21</sup> S Deshmukh, personal interview, Bombay, December 1973.
- <sup>22</sup> In 1966, soon after the Shiv Sena was started, they had circulated a printed oath on which all those who wished to join the Shiv Sena had to sign. See *Marmik*, 17 July 1966 for a text of this oath. The practice soon fell into disuse.
- <sup>23</sup> Except the *chitrapat shakha*.
- <sup>24</sup> *Free Press Journal*, 7 July 1977.
- <sup>25</sup> Statement by B Gopal Shetty, general secretary, Maharashtra Hotel Udyog Sabha, quoted in *Evening News of India*, 12 March 1979,
- <sup>26</sup> Blau and Schoenherr, *The Structure of Organisation*, New York, Basic Book Inc., 1971 p 300.

## NOTES

### *"Foreigners" in Assam and Assamese Middle Class*

IT is about a year now since the movement in Assam against the presence of "foreign nationals" and the inclusion of their names in the voters' list was launched. Deletion of their names from the voters' list and their immediate deportation to their original homeland are the main planks of the organizers of this movement. Hundreds have been killed and many more rendered homeless in the movement. Carnage, pillage and devastation engulfed North Kamrup for days together in the month of January 1980. Election to the seventh Lok Sabha from the Assam Valley could not be held. Of the 14 Lok Sabha seats in Assam, elections could be held only in two constituencies—Karimganj and Silchar. For one seat, Barpeta, four candidates filed nominations. The nomination paper of Abida Ahmed (wife of the former President of India, Fakhruddin Ali Ahmed, and a candidate) of the Congress led by Indira Gandhi) was cancelled by the returning officer. With the cancellation of her nomination paper, other three candidates withdrew from the fray as their main intention was "not to allow Mrs. Ahmed go uncontested". In the other 11 constituencies, nominees of various political parties could not file nomination papers as they were confined to their residences or party offices for days together by the agitators.

The President's rule was proclaimed in Assam on 12 December 1979, and the Assembly was put "under animated suspension". In the wake of large-scale violence, North Kamrup was declared a "disturbed area" and the Army put on the alert. But for their intervention, the cruelest of genocide, the like of which Assam has witnessed only once before in the hands of the Burmese in 1816-1826, would have been perpetrated.

The movement was started under the joint leadership of the All Assam Students Union (AASU), All Assam Gana Sangram Parishad (AAGSP), Purbanchalia Lok Parishad (PLP) and the



Assam Jatiyatabadi Dal (AJO). AAGSP is said to represent the "socio-politico-cultural organizations" in the state. But from the style of its functioning, AAGSP can be called only as a political byproduct. With the launching of the *satyagraha* from 12 to 17 November 1979, the movement really began to receive the support and participation of the masses. Though the movement got a stupendous mass backing, the leadership remained divided regarding the aims and course of the movement. And as can be expected in such an explosive situation, with the masses in excitement to redress their economic wrongs, one section of the toiling masses was set against another section of their brethren. And a fratricidal war ensued.

### *Election: Outstanding Features*

Both the PLP and AJD were floated before the Assembly election in 1978. But neither of them could get a single candidate returned to the Assembly. Certain outstanding features of the last Assembly election in Assam were i) failure of the Congress to secure a majority needed to form a post-emergency ministry, ii) emergence of the Janata as the ruling party and iii) the return of a leftist bloc of 24, with 11 members of the Communist Party of India (Marxist) in the Assembly of 126 members. With the Congress in political wilderness and Janata enfeebled by infighting, the reactionary forces in Assam pinned their hopes on the PLP and AJD. And backed by the reactionaries, the PLP and AJD started, almost from the beginning, a virulent attack on the left and democratic parties and organizations. Now, supported by AASU elements, their attack on the left and democratic parties and organizations continues unabated. Assam now is virtually under mass terrorism.

There can be no two opinions as to the deportation of foreign nationals from Assam. But during the present movement, and even before that, the leaders, while demanding the deletion of foreigners' names from the voters' list and their deportation, have been using wilfully and synonymously two words, "outsiders" and "foreigners". The idea was to form an independent united state of Assam (USA) after the last outsider has been got rid of. Leaflets were distributed in propagation of this idea. However, as the leaders used the words "outsiders" and "foreigners" synonymously, there was great confusion among the general public as to the real issues involved. By this wilful and confusing manipulation of words, Indians coming from outside Assam and foreigners alike were made victims of the so-called patriotic frenzy. Not to speak

of outside Indians, even indigenous tribals were not spared. Two Boro tribal peasants, Habiram Boro and Bihuram Boro, were shot dead by the police in league with the AASU elements in Uttar Phullong Chapari under Kamalpur circle in North Kamrup.

### *Problem of Cut-Off Year:*

For the detection of foreign nationals, 1948 has been demanded by the agitators as the cut-off year. In this regard the argument of the PLP chief, Nibaran Borah, is worth quoting: "If the issue of 'stateless persons' could be raised by Sri Lanka as late as 1965, in respect of migrants from India who had moved out a century earlier and if the Government of India could undertake to get these persons repatriated and rehabilitated in India, which the Government of India has done, we do not consider a post-1955 issue as either being belated or closed."<sup>1</sup> It seems that Nibaran Borah takes Assam on a par with the independent sovereign state of Sri Lanka. Clearly, the spirit of Borah's arguments is that, if the Government of India could get back the people of Indian origin from Sri Lanka and rehabilitate them in India, nothing stands in the way of it doing the same in the case of the people of Indian origin in Assam. Our conclusion would certainly have been different had Borah referred to Bangladesh and Nepal in place of the Government of India in his argument.

Of late, a responsible and veteran Congress leader (now an Indira Congress member) has been demanding that all foreigners must be deported from Assam without taking into account the years of their residence in the state. If this is accepted, then a family living in Assam for the last hundred years or so may easily be dubbed as foreigners and be forced to leave the state. The man propounding this theory is none other than Mahendra Mohan Chowdhury, who was the Chief Minister of Assam after the death of Bimala Prasad Chaliha. He even adorned the Governorship of Punjab. Some enthusiastic activists of the movement want to push back the cut-off year to 1826, the year of the British occupation of Assam.

According to a recent estimate<sup>2</sup>, the population of Assam is 1,46,25,000, and it is alleged that out of every three, one is a foreigner, that is, at present there are five million foreigners in Assam. In the midst of a movement, it is not possible to make an assessment of the same with any mathematical accuracy. But in the light of the demands put forth by the agitators for the deportation of foreign nationals without taking into account the period of their habitation in Assam, it will not be improper to make an attempt.

to study the issue of immigration into Assam in the post-1826 period. The study of the role of the British colonial power as well as the neo-Assamese middle class in connection with the immigration into Assam is a matter of interesting revelation.

### *History of Immigration*

Immigration into Assam, in the past, was the result of historical process and of necessity.<sup>1</sup> With the annexation of Assam by the British, the erstwhile Ahom kingdom became an integral part of India. The present Goalpara district of Assam formed part of Bengal even before the East India Company was granted the Dewani of Bengal in 1765 by the Mughal emperor Shah Alam II. It was in 1639 that Goalpara had become a part of Bengal. Thus Goalpara was included in the British empire nearly 60 years before Assam as a whole became a part of it. From 1826 to 1873, Assam was being administered under the administrative umbrella of the Bengal Presidency. It was only in 1874, that, with the addition of three Bengal districts, namely, Goalpara, Cachar and Sylhet, Assam was constituted into a Chief Commissioner's Province. With regard to the inclusion of Sylhet into Assam, Amalendu Guha writes:

Although vast in area, this new Province with its small population of 2,443 thousands had a meagre revenue potential.... To make it financially viable the authorities therefore decided in September to incorporate into it the populous, Bengali speaking district of Sylhet which, historically as well as ethnically, was an integral part of Bengal. Even with this additional 1,720 thousand people of Sylhet, the new province was only about half as populous as the Central Provinces.<sup>2</sup>

Not from Assam but from Sylhet the voice of protest was raised against the inclusion of Sylhet in the province of Assam. With a view to increasing "administrative efficiency" Lord Curzon prepared a plan for the partition of Bengal in 1903. According to this plan certain subdivisions such as Rajshahi, Dacca, Chittagong of Bengal Presidency were made over to Assam and the province was re-christened as "East Bengal and Assam" with Dacca as the capital of the new province in 1905. Against this imperialist plan of Curzon there started in Bengal the anti-partition movement which very soon came to be known as the Swadeshi movement. This time too Assam's reaction was trifle. However, in view of the agitation, the British Indian administration declared the plan for partition of Bengal void in 1912. In the process, Assam too retained her old status of a separate province. On the eve of inde-

pendence, there was a great agitation in Assam for the separation of Sylhet from the province, and accordingly, as a result of a plebiscite, Sylhet was transferred to Pakistan.

The British administration, to suit its own imperialist designs, made territorial adjustment and readjustment with Assam in the west and south-west directions. So was the case with regard to the hill states inhabited by numerous tribal groups in the north, north-east, south-east and south. These hill people were self-assertive and of independent character. They were war-like people and because of this trait the British imperialists did not view with favour the contact between them and the plains people. To pursue their policy of divide and rule effectively they devised a plan for segregation of the hill tribal people in their habitat. And this was the system of "Inner Line Regulation" introduced in 1873, restricting the entrance of any person beyond the line so demarcated.

### *The Impact of Territorial Adjustments*

The process of territorial adjustments and readjustments had its impact on the socio-cultural and economic aspects of Assam. The most important was on the demographic aspect of the Brahmaputra Valley itself. A study of the 120 years of British colonial rule in Assam will reveal that they opened the doors of Assam to the immigrants from distant places to suit their own colonial exploitation. The neo-Assamese middle class, basking under the imperialist patronage, helped the process of immigration in its own way. The Moamoriya peasant rebellion in the last quarter of the eighteenth century and the Burmese invasion in the first quarter of the nineteenth century had left Assam at almost half of her natural population. Diseases like Kal-Azar had also swept away a large number of the population during the early period of the colonial rule. In this way the natural growth of population in Assam was retarded. As a result, miles after miles of the Valley remained uncultivated and soon became covered with deep jungle infested with wild beasts. As the cultivable land was much more in proportion to the inhabitants, and as the government did not want to be deprived of the land revenue from these lands, the British administration encouraged large scale immigration into Assam from the various famine-stricken areas and provinces of India.<sup>4</sup> The Northbrook administration allotted a fund of £ 50,000 for encouraging immigration into Burma and Assam. But "the planters of Assam did not want additional labourers at that time and the scheme to encourage immigration to that province was abandoned."<sup>5</sup> A large number of people from Central Provinces

immigrated to Assam during the famine of 1896-1898. During 1900-1918 a number of people emigrated to several British colonies and to Burma, Bengal and Assam from several parts of India.<sup>6</sup> With the opening of tea gardens in Assam, the British planters, in league with the government, imported cheap labourers to Assam through various intermediaries. "Men, women and children were enticed, even kidnapped, and traded like cattle . . . Absconders were hunted down like runaway slaves." Of the total number of 89,756 labourers recruited outside the province of Assam during 15 December 1858 to 30 June 1866, 103 fled away and 30,488 died on the way and the remaining 59,268 reached Assam.<sup>7</sup> Besides tea labourers, men of different trades and professions started coming to Assam to cater for the needs of the new administration. "All those factors helped the rapid growth of the population of the Brahmaputra Valley—from an estimated one million in 1826 to about two millions by 1872—and of the economy as well."<sup>8</sup>

### *Memorandum to Northbrook*

As the people who had migrated to Assam till then happened to be inferior culturally, the lackeys among the neo-Assamese middle class implored Lord Northbrook, during his tour of Assam in 1874, to take effective measures "to bring up here the redundant population of the province of Oudh, the Belgium of India, and North Bihar. To effect this purpose it will be necessary for the Government to incur a little expense and to grant tracts of Uloo and Borota (grass) high land lying waste on all sides, revenue free, for a period of, say, ten years, but subject afterwards to the usual rates. This description of land is not taken up by the existing population for the cultivation of the ordinary crops of the country. But it will be highly suited to the high land crops (wheat and barley) upon which the natives of those provinces subsist."<sup>9</sup> This memorandum was signed by about 100 of the Assamese gentry, including Durgadhar Sarmah Barua and Dhelaram Deodhai Phukan.

The colonial administration did not strive in right earnest for the development of the English system of education in Assam. Calcutta was the centre of British commerce and administration for the whole of India, and it became the centre of Indian renaissance. The descendants of the Ahom feudal nobility also had their early initiation into English education there. Calcutta also became the cradle of Assamese literary activities in the second half of the nineteenth century. The "Jonaki Age", a glorious chapter in the history of Assamese literature, had its origin in

Calcutta. Anyway, as there was limited scope for higher education in Assam, naturally the majority of the Assamese youths could not avail of the opportunity of government jobs. But it is a historical falsehood to say that the Assamese youths were deprived of all government jobs. Even Boli Narayan Borah<sup>10</sup> and Benudhar Sharmah<sup>11</sup> have said that almost throughout the nineteenth century, government services were manned by competent Assamese of good (aristocratic) families without taking into account any academic qualifications. Competition for jobs on the basis of English education developed at a later stage. But gradually educated youths, whether Assamese or non-Assamese (mainly Bengali) began to get government jobs that were open to them. And thus the uneducated Assamese youths were being eliminated from the field. The inevitable result was the greater numerical strength of the non-Assamese, particularly Bengali, in service in Assam. And this was again the result of limited scope of English education to the Assamese, and even when the scope was there, the aversion of the Assamese to English education. People willing to take to English education had to face dire consequences of even being socially ostracized.

### *Recruitment of Bengalis*

Administratively, Assam was part of Bengal Presidency from 1826 to 1873, although historically and ethnically Assam was different from Bengal. The British administration made it a policy to recruit educated Bengali people for government service in Assam as they did in the case of Orissa and Bihar. In the land revenue settlement work also, men from Marwar and Sylhet were appointed in preference to the local Assamese gentry. This was objected to by Maniram Dewan in his memorandum to A J Moffatt Mills, during the latter's visit to the province in 1853: "Under the revenue settlement of military officers, while a number of respectable Assamese are out of employ, the inhabitants of Marwar and Bengalees from Sylhet have been appointed to Mouzadarships; and for us respectable Assamese to become the riots of such foreigners is a source of deep mortification."<sup>12</sup> In the Ahom period also, men conversant in land revenue settlement like Pitamare Ghose were brought from Bengal.

Boli Narayan Borah, a leading member of the neo-Assamese middle class and an engineer by profession, implored the government to bring "good educated people from the west (Bengal) with enhanced pay for the educational development in Assam. That is, he wanted good educated Bengali men to be appointed as teachers in the schools of Assam with higher salary."<sup>13</sup> A man with super-

iority complex and casteist mentality, Borah did not recognize the aborigines of Assam like Kachari, Mikir, and Hojai as "Assamese". Borah's sentiment was clear.<sup>14</sup> He was afraid that caste Hindus might be swamped by the plains tribal people of Assam. And so he implored the government to bring men of his caste from other parts of India, mainly from Bengal.

The natural growth of indigenous population in Assam had gone hand in hand with the increase of outsiders (*bahiragata*) in the last century. "The non-indigenous population of Assam proper increased from less than a lac in a total population of 15 lacs in 1872 to an estimated five to six lacs in a total population of about 22 lacs in 1901 . . . . Non-indigenous elements came to constitute at least one-quarter of the population of Assam proper in 1901."<sup>15</sup>

### *Immigration and Jute Industry*

The immigration of the Muslim pesaants from the present-day Bangladesh in the first few decades of this century into Assam was clearly linked with the growth of the jute industry in and around Calcutta by the British finance capital. With the expansion of jute trade, the expansion of its cultivation also became an immediate necessity. As the area of jute cultivation in Bengal could no longer be extended, it was thought well to grow the same in the soil of Assam. Hence the immigration of expert jute cultivators into Assam. "With their superior techniques of cultivation, these East Bengal peaseants taught Assam how to grow jute, mung (a kind of pulse) and several other crops. For example, the acreage under jute in the Brahmaputra Valley increased as a result of this great population movement from a little less than 30 thousand acres in 1905-06 to more than 106 thousand acres in 1919-20."<sup>16</sup>

Bengal had been the scene of mounting presant mobilization against the zamindari oppression and exploitation. The Bengal zamindars and the British imperialists thought of sending out the landless peasants to the neighbouring states to checkmate the revolutionary situation. And thus immigration into Assam of East Bengal peseants was encouraged under landlord-imperialist machination. This process had two immediate effects; i) it resulted in the ebb, though temporary, of the peasant upsurge in Bengal, and, ii) it created the situation for a conflict between the Assamese and Bengali peasants. The oppressors thought that their interests would remain intact so long as there was disunity among the toiling masses in the name of language, religion and nationality.

The neo-Assamese middle class and their representatives in government service contributed a great deal to the influx of out-

siders into Assam in the pre-independence era. Their role during the 30 years of the Indian National Congress rule in the post-independence era also was in favour of the immigrants. The Assamese middle class, with a view of employing cheap labour in their fields and homesteads, had encouraged the influx of East Bengal men into Assam. As the majority of these East Bengal peasants were Muslims, the conservative section of the Assamese Hindu middle class encouraged the Nepali people to immigrate to Assam. Thus the Nepali people got access to the forest lands and the *char* areas of the Brahmaputra Valley. Very often, Assamese Hindus recruited a large number of Nepalis for their agriculture and household work. After a certain period they too settled down permanently in Assam. Assamese *mahajans* (elite) had made the East Bengal peasants settle down in their land as well as in government lands with the high hopes of becoming zamindars. The wealthy sections of the Barpetia *mahajans* turned to land speculation. Barpetia people by nature preferred business to cultivation. So with whatever finance available, they started a profitable business in land.<sup>17</sup>

"Marwari traders and even Assamese Mahajans of Barpeta provided a substantial part of the necessary finance to enable the immigrant peasants to bring virgin soil under the plough .... Local Marwari and even Assamese money-lenders financed the immigrants so that the latter could reclaim land and expand the cultivation of jute, Ahu rice, pulses and vegetables."<sup>18</sup> "Immigration had led to all-round prosperity in Barpeta area. Many Assamese farmers had turned into land speculators. They sold off their lands to immigrants at a good price, then they cleared new plots (Pam) on waste-lands and sold them again. The immigrants were financed by their own headmen (matbor) as well as by Marwari and Assamese (Barpetia) moneylenders. Even the hati (indigenous co-operative bank) funds of Barpeta were involved in this financing to a small extent."<sup>19</sup>

### *East Bengal Peasants in Assam*

The immigration of East Bengal peasants into Assam began in and from 1905-1906. While stating this, we must not fail to remember the fact that, according to the Curzon plan, East Bengal and Assam formed a new province till 1912. The Census report of 1921 says that "the Assam Valley hardly began to attract Colonists from outside Assam till the decade 1901 to 1911, and the enumeration previous to that of 1911 shows little immigration from across the Bengal border. . . . Before 1911, however, a change came.



The men of Mymensingh began to advance to Assam, driven apparently by pressure on the soil at home . . . . About 85 per cent are Muhammedans and 15 per cent Hindus . . . . We find that Mymensingh, Rangpur and Jalpaiguri provided 51,000 immigrants to Goalpara and 3,000 to the other Brahmaputra Valley district."<sup>20</sup>

The East Bengal settlers in Goalpara and other districts of Assam upto 1921 numbered 141,000 and 117,000 respectively.<sup>21</sup> As 85 percent of the East Bengal settlers in Assam were Muslims, the communal harmony in the state was deteriorating. The Hindus were afraid of being swamped by the immigrant Muslim peasants. A device to keep the Hindus in majority in Assam, initiated by Rajendra Prasad, who later became the first President of India, received encouraging support from the Assamese middle class. To counter the influx of Muslims from East Bengal, particularly from Mymensingh, Rajendra Prasad advocated the immigration of Bihari Hindus into Assam. To quote Rajendra Prasad: "In my tour of Assam, I found large tracts of uncultivated land in Nowgong District. There were no signs of human habitation for miles around, except a few huts here and there. There was no shortage of water and the land was covered with green foliage. There was no sign of the land ever having been ploughed. I was told that there was plenty of such land in the Province and, according to the law of the land, anyone who brought the land under the plough and settled there became owner.

"The adjoining Mymensingh District of Bengal (now in East Pakistan) is a thickly populated area. Many Muslim families migrated from Mymensingh to Nowgong and settled on the land and when they began cultivation became its owners. As more and more unused land came under the plough, the ratio of the Muslim population began to rise.

"When I heard of all this, I had an idea. Chapra is one of the most densely populated districts of Bihar and its people generally have to go out of the province in search of work every year. Thousands of them go to Assam and work as labourers and after earning some money return to their homes. They never thought of settling down in Assam. I saw Biharis and men from Chapra almost everywhere in Assam.

*"I thought that if instead of just going to Assam to earn something and returning to Chapra, they permanently settled down on the land there, not only would their future be assured but also the pressure on land would be reduced in Chapra.*

"I sounded the Assamese on this subject and they wel-

comed it. They told me that they liked the Bihari labourers and not did like the people of Mymensingh, whose treatment of the local population was far from satisfactory. *Some thought it better to have the Hindus of Bihar than the Muslims of Mymensingh. The communal feeling was uppermost in men's minds then and Assam was no exception. They welcomed the idea also because by themselves the Assamese were unable to bring the land under the plough. But the influx of Muslims from Mymensingh was upsetting the population ratio and the Assamese wanted to retain a majority in the Brahmaputra Valley. The influx from Mymensingh could be countered only by allowing Bihar Hindus to settle down on the land.*"<sup>22</sup>

Rajendra Prasad's idea had two dimensions: i) to reduce the pressure on land in Bihar by the emmigration of Biharis to Assam and ii) to keep the Assamese Hindus in majority. His Assam tour was on the eve of the Gauhati Congress in 1926. Tarun Ram Phukan and Nabin Chandra Bordoloi were the chairman and secretary respectively of the reception committee. Phukan and Bordoloi seemed to be the Assamese *bhadralog*, among others, consulted by Rajendra Prasad.

### *Line System*

The British government in Assam introduced the line system in 1920 restricting the settlement of East Bengal peasants so that the identity and individuality of the Assamese society remained undisturbed. This line system was like the Inner Line Regulation introduced by the British in 1873. According to the line system, the East Bengal immigrants were made to settle down in segregated areas far away from the Assamese villages. But as the immigrant peasants were hard working and industrious, they could easily coax the Assamese peasants as well as the gentry to sell their land to the former.<sup>23</sup> The corrupt revenue officials also gave settlement to the immigrant peasants and thereby flouted the provisions of the line system. It may be mentioned that a good number of these officials were Assamese. Sometimes, the immigrants too were responsible for the violation of the system.

The violation of the line system made a section of the Assamese middle class to think seriously of their future. Ambikagiri Roy Chowdhury, a nationalist par excellence, organized the Asom Sanrakshini Sabha which was later rechristened as Asom Jatiya Mahasabha. With a view to restricting the settlement of land with the immigrants, Mahadev Sharmah moved a resolution in the Assam Legislative Council in 1927. Participating in the debate on the resolution Basanta Kumar Das (a Bengali) urged the preserva-

tion of sufficient land for the indigenous population, while N C Bordoloi said that he "would not restrict immigration so far as can be helped."<sup>94</sup>

To resolve the problem, an all-party committee was formed under the government initiative with A W Botham in the chair in 1928. The committee included nine members, including N C Bordoloi and Saadullah. Bordoloi's opinion was for the settlement of land with the immigrant peasants in definite areas with sufficient reservation of land for further expansion of the indigenous population.<sup>95</sup> "The Colonisation Policy, though initiated by British officials derived its legitimacy thus from the deliberations of an all party conference and had initially the approval of both Saadullah and N C Bordoloi. The first Colonisation scheme, thereafter started in Nowgong in 1928, was successfully followed by one each in Barpeta and Mangaldoi sub-divisions."<sup>96</sup> According to this colonization plan a small family was given 30 *bighas* of land against a lumpsum amount. As a result of this, altogether 47,636 acres of land were settled with 1,619 Muslim and 441 Hindu families in the district of Nowgong upto March 1933. During the six years ending 1936, 59 grazing reserves were opened up for the settlement of the immigrant peasants in the district of Nowgong alone.<sup>97</sup>

### *Retrogressive Effect*

The line system proved a dismal failure in restricting the coming of the immigrants and their rehabilitation in Assam. But it had retrogressive effect. In one way it failed to safeguard the interests of the indigenous population, while at the same time, being forced to live in segregated areas, the immigrants were made to feel the humiliation of a "second class citizen". Many of the present-day so-called Assamese intellectuals would like to treat the areas inhabited by the immigrants as "miniature Bangladesh." It was an obnoxious virus introduced into the body politic of Assam. "The Government was aware that a system of racial segregation was being practised thereby.... The Assamese Muslims in general welcomed immigrants with the hope that they would be Assamised in due course and numerically strengthen the base of Muslim communal politics in the province,... they will become Assamese—not domiciled Assamese like many people—but Assamese in fact as much as the Ahoms and Kalitas became Assamese."<sup>98</sup>

Actually they did so. No national group in the history of Assam had Assamized themselves so early as did these East Bengal immigrants. It is unfortunate that no attempt has so far been made by the leaders to realize the motivation behind the intro-

duction of this religious dividing line—the line system by the British. The intention of the British administrators was to inject communal virus wherever possible in the interests of their Empire. May be, they wanted to keep the inhabitants of Assam divided on religious line so that the latter would not form an united front against the British during the freedom movement in the thirties. Biresh Misra predicted that “the conflict between the landless Assamese and Bengali peasants will be exploited by some ill-motivated self-seekers to inflame a Assam-Bengal national conflict for the realisation of their own interest in future.”<sup>29</sup>

### *Immigration from Nepal*

Immigration from Nepal into India became frequent since the conclusion of the treaty of Sagauli in 1816 between the British government in India and the Kathmundu Darbar. Ever since 1816 Nepal has been friendly to the British. After retirement from service in the Gurkha Regiment, many Nepali people settled down in Assam permanently. Poor landless Nepali peasants too immigrated into Assam and began to eke out their livelihood through cultivation and milk production and supply. The number of Nepali immigrants in Assam was as follows: in 1901—21,000<sup>30</sup> in 1911—47,654; in 1921—70,344; in 1931—88,306.<sup>31</sup> The number of Nepali speakers in Assam in 1961 was 1,79,883.<sup>32</sup>

There is no restriction on travel between Nepal and India under the treaty of friendship concluded in 1950. Therefore, it becomes natural on the part of the poor peasants to emigrate from Nepal and settle down in Assam or any other part of India.

Except during the present movement, anti-Nepali feeling in Assam has been rare. In 1920 the British administration, while carrying out an eviction operation in the now well-known Kaziranga sanctuary, perpetrated barbarous atrocities on the Nepalis living there. The Assamese middle class was in the lead in raising the voice of protest against this ghastly deed of the colonial power. This brotherly feeling of the Assamese middle class was reciprocated by the Nepalis in the course of the freedom movement right from the non-cooperation days. The role played by the late Chabilal Upadhyaya was in no way inferior to that of any nationalist Assamese in this regard.

This is, in a nutshell, the historical background of the immigration into Assam. That immigration into Assam was under British machinations and supported by the Assamese middle class is beyond doubt. These immigrants who settled down in Assam with their blessings have become overnight “outsiders” or “foreigners” and

the target of virulent attack. Keeping this historical background of the present situation in view, all the conscious and right thinking intellectuals form a clear idea as to who is a foreigner. The problem is so complicated that it cannot be resolved in an atmosphere surcharged with passions and emotions. Only on an objective and judicious solution of the problem rests the harmony of the diverse races and linguistic groups inhabiting Assam and the ultimate unity and integrity of the country.

KAUSTAVMONI BORUAH

- <sup>1</sup> M V Kamath, "Neglected Assam", *The Illustrated Weekly of India*, 20-26 January, 1980, p 9.
- <sup>2</sup> Economic Survey Assam, 1974-75, Department of Economics and Statistics, Government of Assam.
- <sup>3</sup> Amalendu Guha, *Planter Raj to Swaraj*, p 27.
- <sup>4</sup> Hari Shankar Srivastava, *The History of the Indian Famine (1858-1918)*.
- <sup>5</sup> Edward C Moulton, *Lord Northbrook's Indian Administration, 1872-76*, pp 93, 114.
- <sup>6</sup> Srivastava, *op cit*, pp 226, 307.
- <sup>7</sup> Guha, *op cit*, p 18.
- <sup>8</sup> *Ibid*, p 19.
- <sup>9</sup> Welcome address by people of Sibsagar, National Archives of India (NAI) No 166 Home Public B, Sept. 1874.
- <sup>10</sup> B N Borah, "Uccha Siksha", in Hemchandra Goswami (ed), *Asamiya Sahityar Chaneki*, Calcutta University, 1924, Vol III, Part I, p 297.
- <sup>11</sup> Benudhar Sarmah, *Dunari*, pp 61-62.
- <sup>12</sup> Mills, "Report on the Province of Assam", 1854, p IXVII, appendix-L
- <sup>13</sup> NAI, No 17, p 293
- <sup>14</sup> *Ibid*, p 297.
- <sup>15</sup> Guha, *op cit*, p 39.
- <sup>16</sup> *Ibid*, p 102.
- <sup>17</sup> Sailadhar Rajkhowa, *Atitar Sowarani*, pp 117-118.
- <sup>18</sup> Guha, *op cit*, pp 102, 206.
- <sup>19</sup> *Ibid*, p 206 (foot note).
- <sup>20</sup> *Census of India*, 1921, Vol 1, India Part I, Report, p 86.
- <sup>21</sup> Guha, *op cit*, p 102.
- <sup>22</sup> Rajendra Prasad, *Autobiography*, pp 259-60. Emphasis added,
- <sup>23</sup> Guha, *op cit*, p 206.
- <sup>24</sup> *Ibid*, p 207.
- <sup>25</sup> *Ibid*, p 208.
- <sup>26</sup> *Ibid*, p 209.
- <sup>27</sup> *Ibid*, p 209.
- <sup>28</sup> *Ibid*, pp 208, 211.
- <sup>29</sup> Biresh Misra, *Mantridutar Sarajantrat*, Assam, p 16.
- <sup>30</sup> Guha, *op cit*, p 102
- <sup>31</sup> Census reports for relevant years. p 95
- <sup>32</sup> *Statistical Hand Book*, Assam, 1971.

## BOOK REVIEWS

### *Multilateral Imperialism*

DAN NABUDERE, *THE POLITICAL ECONOMY OF IMPERIALISM*, Tanzania Publishing House, ZED Press Ltd, Dar es Salam, 1977.

THE last two decades have shown a steadily growing stream of more or less scientific literature on imperialism. The phenomenon of imperialism stands indeed in the middle of sharp discussions and polemics, not only among Marxist and non-Marxist intellectuals, but also among theoreticians who regard themselves as Marxists, and among communist parties.

Theories of imperialism are, of course, no goals in themselves. A correct understanding of the historical development of imperialism must serve as a compass for tackling it in practice, for the revolutionary struggle for national sovereignty and socialist development. Cognition in order to make responsible social acting possible is the real aim of any social scientist who cares about the whereabouts of human societies, of human future.

Dan Nabudere set himself to this task in his impressive book. The main aim of his study is "to establish the laws of motion specific to the various stages of development of the relevant imperialist and subordinated societies" (p 268). Laws of motion, which can only be grasped and recognized if one remains consequently on the basis of scientific socialism, that is, dialectical historical materialism (p VI).

The scientific and ideological battle over imperialism is naturally not an academic question; it is not a product of a quasi-autonomous superstructure. This battle of ideas is clearly a mirroring of what is going on in social-reality, namely, the historically final assaults on imperialism as a social economic world system. Nabudere rightly points out the tremendous importance of the

October Revolution of 1917 as the first big blow against imperialism. And let us add to it: since then the ever increasing and strengthening socialist part of the world is progressively rolling back imperialism on all continents of our world.

Since 1917 imperialism is no more an expanding system. On the contrary, it shrinks as a result of two main developments which are closely interlinked: 1) The emergence of a new type of society, namely, socialism, in more and more countries (the Soviet Union, Eastern Europe, China, Indochina, Cuba, Angola, Mozambique, and so on); 2) the decolonization process, stepped up in the fifties and sixties, which has weakened the world imperialist system, even though up to now it has often resulted in neo-colonialism.

### *The Cause of Imperialist Economy*

To Nabudere it is clear that imperialism can be explained only in terms of international dimension and the shape of capitalist development. Therefore, it is of the outmost importance to establish clearly the laws of capitalist political economy.

Time and again it is stressed by the author that the most important law of the political economy of capitalism discovered by Marx is the law of the tendency for the rate of profit to fall. According to some neo-Marxists like Baran and Sweezy this law is not valid any more. In their opinion modern imperialism is necessary not because the rate of profit should tend to fall, but exactly because it does not fall. Therefore, the real problem is one of absorption of surplus and profit. This absorption can be achieved only through a) consumption, b) investment and c) waste.

Nabudere rightly criticizes these theories by pointing out that the real problem is not one of surplus absorption, but one of surplus-value realization (p 175). Because of the continuous change in the organic composition of capital in favour of constant capital the rate of profit cannot but shrink, for the only production factor capable of creating surplus value is the labour force, that is, the variable capital. He recognizes that there are some tendencies counteracting this law, created by the monopolies and by the transformation of a growing part of the national income through the modern imperialist state into a source of extra profit for monopoly capital, mainly in the form of military purchases. Therefore, monopoly capital not only does increase the exploitation of labour by raising productivity, but exploits as well all consumers (p 176). But clearly, this process cannot go on; it is of a temporary character.

Though the argument of Nabudere at this point is convincing, he neglects one factor in his analysis. It is the not yet fully realized but already stored and potentially existing surplus value which is contained in parts of the constant capital, namely, those parts which originate in the neo-colonies in the production of raw materials. The production costs in the underdeveloped countries are obviously much lower than in the imperialist countries. For example, the cost of labour per hour in the assembly of electronic equipment at the enterprises of French companies is 60 centimes in Malaysia, one franc in Taiwan, 3.70 francs in Singapore, 30 to 40 francs in France.<sup>1</sup>

These much lower labour costs are possible because of the much lower costs of the reproduction of the labour force in the less developed countries. But this surplus value is not realized in its proper economic context and system, but in the highly developed capitalist system. Therefore, the surplus value in developed capitalist context originates not only in the exploitation of labour in the developed capitalist countries, but also in the realization of this stored surplus value which in a different economic context will have a different (in this case higher) rate of profit.

This holds true especially when — as in modern multilateral imperialism—advanced means of production are combined with cheap labour in the neo-colonies. Naturally, in the long run, through class struggle the labour force in the neo-colonies will become more expensive which will lead to a fall of the surplus value stored in the raw materials. This complication does not, however, disqualify the Marxist theory as such. It counteracts simply for a time and under certain circumstances, this is generally a valid tendency. It is important here to see clearly that one phenomenon (or commodity) put in another context has different consequences.

### *The Transnational Company*

It is quite understandable that a tendency for the rate of profit to fall in the developed capitalist countries gives a push for profit through colonization and neo-colonization. Capitalists do not produce to waste profit nor to have troubles with too much profit; they produce only if they can make profit, under any given conditions, as Nabudere rightly remarks (p 165).

It is then quite logical that Nabudere sticks to the theory of Lenin regarding the genesis of imperialism. But the imperialism of the era around the turn of the century underwent considerable



changes. Most characteristic of these changes, in Nabudere's opinion, is the development of multilateral imperialism.

The internationalization of capital took shape especially after the second world war, after some arrangements for international cartels in the inter war years, for example, the first international steel cartel in 1926 with German, Belgian, Luxembourg and French participants. These unstable, still embryonic forms of international monopolies were followed, after the second world war, by the emergence of the transnational corporations.

The transnational corporations have as their main characteristic direct investment wherever capital is easily mobilizable. It is the finance capital which is in command of the scene by virtue of an enormous concentration of capital and central command over it (p 188).

In this new development the lead was clearly taken by the United States (US) monopolies (p 107), unwillingly helped by the European Common Market (ECM). It is amusing how Nabudere describes the US capital manoeuvres inside the ECM, though certainly not so much amusing to the European transnationals (pp 145-147 and 156-157).

The essence of the multinational concerns is summarized by Nabudere as follows: "The crucial distinction that arises with the new emphasis on export of finance capital, as opposed to earlier exports of loan capital, is that the financial oligarchy now directly utilizes this capital in the production abroad of particular products it considers essential to its production process at home" (pp 112-113), "essential" meaning profitability, material necessity as well as military-strategic importance.

The central role in this process is fulfilled by banks, embracing as it were the whole world. The Bank of America had, for instance, over 1,000 offices all over the world, with assets totalling more than \$ 50 billion in 1974 (p 177). To resist this kind of financial empires is obviously not within the reach of possibilities of most of the underdeveloped countries.

Notwithstanding the international possibilities of multilateral imperialism the capitalist system cannot cope with its own contradictions. Overproduction under conditions of underutilization of plant capacity is a permanent evil. Also Keynesian efforts to bolster and enlarge the effective demand are unable to bring about solutions, for these problems—together with permanent inflation—are unseparable twin brothers of monopoly capitalism.

Even the increasing role and intervention of the state in

the economic process proper in imperialist countries, on behalf of capitalist economy, does not provide a solution. By the way, Nabudere gives an excellent analysis of the manner in which the imperialist state is bolstering monopolies economically. The three main instruments are i) protection of the "own" market and an aggressive tariff policy towards others (p 68, 127, 145); ii) providing the multinationals with extra profit mainly by means of the armaments industry and a peculiar taxation policy (p 160) and iii) financing industrial research and development in the interest of the transnationals (p 193).

### *The Transnationals and their Booty*

What are the effects of this capitalist development on the underdeveloped countries? Contrary to the advocates of the multinationals like McNamara, Tinbergen and Samuelson, who swear by the positive role of the transnational companies in the "modernization" of the Third World, the transnationals cannot but hamper any real development. Because the neo-colonial markets are indispensable to the maintenance of capitalism as a system, it logically follows that their development would be *au contrair* to the interests of capitalism. Already in the colonial period these territories "became appendages to the metropolitan home market for manufactured goods a reservoir of cheaper labour and raw materials and an outlet for the need to export capital" (pp 119-120). This is even more true for the era of multilateral imperialism. As Nabudere puts it: "Imperialism cannot allow the complete transformation of pre-capitalist societies, but on the contrary exists on the basis of hindering their transformation and thus subjects them to the needs of monopoly capitalism" (p 214).

The food for the industrial stomach of imperialism is produced in the mines and fields of the neo-colonies. Nabudere gives Japan as an example which imports 100 percent of its uranium, nickel and bauxite; 99.7 percent of its crude oil; 87 percent of its iron ore; 75.5 percent of its copper (p 219). We can take also some world totals to recognize the dependence of imperialism on its control over the Third World. The share of the Third World in the total world export amounts to 49 percent in aluminium, 58 percent in copper, 72 percent in bauxite, 87 percent in tin and 100 percent in rubber, cocoa and coffee.<sup>3</sup>

Nabudere's conclusion in this regard is inevitable. "A 'national market' under capitalism, however large, cannot in the present era of multilateral world markets sustain a technological industry" (p 194). The political consequence of this economic fact

is that multilateral imperialism is fighting capitalism—not only in what is called by some authors the periphery but also in the centre.

### *The Centre-Periphery Controversy*

When speaking about “dependence”, “centre” and “periphery” one must bear in mind that these terms are not used by Nabudere in the sense of theories formulated by Frank, Amin and Emmanuel. Nabudere keeps consequently in mind that “imperialism is not a centre-periphery phenomenon, but a world system” (p 123). “The investment of capital in, or export of goods to, the other capitalist countries will not be any less imperialistic if those other countries are less developed. Imperialism knows neither geographical nor racial barriers and to present it as *solely* (italics original) a centre-periphery phenomenon is to display a strange conception of imperialism” (p 123).

Nabudere resists decisively to take nations as entities and units of a politico-economic analysis. Though he agrees that the criticism of some neo-Marxists with regard to the neglect of the developments in the “periphery” in Marxist literature may have some validity (p 224), he emphasizes the importance of class analysis. “The essential nature of relations between the ‘centre’ and the ‘periphery’ cannot therefore be sought in the trade relations in which ‘unequal exchange’ is presumed to be the main contradiction nor in the relations between ‘rich’ and ‘poor countries’; it must be sought in the production relations between the bourgeoisie and the working class across national borders as well as in the subjugation of the peasantry in all areas dominated by capital and subjected to capitalist exploitation” (pp 235-236).

The political danger emanating from this kind of neo-Marxist analysis lies in the fact that it provides the populists with a theory, to the detriment of class struggle. Therefore, “the whole concept of ‘poor nations’ is populist claptrap” (p 236), remarks Nabudere.

Not taking nations as entities of analysis has some important consequences also for the political work. When taking imperialism as a world system and accepting class struggle wherever the capitalist mode of production is dominant, one also recognizes that the class struggle in the neo-colonies and the class struggle in the imperialist countries are but two sides of the same coin. It is nonsense and against the interests of the world revolutionary process “to counterpose the revolutionary democratic struggle of the people of the Third World to the class struggle of the proletariat in

the imperialist centres, or to subordinate the latter to the former" (p 274). There is no hostile or antagonistic relationship between the working classes in the centre and the periphery — as social-democrats and soft-minded confused bourgeois world saviors use to preach. Nabudere does not hesitate to conclude that "the socialist revolution in the 'centre' and the national democratic revolution on the basis of 'new democracy' in the neo-colony transforming itself into a socialist revolution under the leadership of the proletariat, offer the only solution which will bring imperialism to an end on a world scale" (p VIII).

### *A Grave Error*

The author is convincing in his criticism so far as the so-called neo-Marxist theories are concerned. Nevertheless there is an obvious omission in his analysis: he ignores the role of the socialist states in the world revolutionary process. It is true, he refers to the October Revolution as the first great victory of socialism. But apart from a few remarks like "the neo-colony can avail itself of socialist aid, which is of *some* (italics added) significance, such aid is normally used in setting up State enterprises in the neo-colony and *thus ends up* (italics added) helping the monopolies in their exploitative dealings" (p 243), he does not discuss the position of the socialist countries in the world revolutionary process.

Leaving aside the incorrectness of this kind of pronouncements for the moment, one cannot presume that Nabudere is not aware of the importance of the question concerning the socialist countries. There remain only two possibilities which explain his silence: 1) he does not want to take a stand in these matters, or 2) he does not consider the socialist countries as being anti-imperialist forces.

To start with the second possibility, all imperialists know perfectly well who is their main antagonist—the Soviet Union. Without the Soviet Union the earth's face would have been very different from what it looks like today. Especially to the Third World, the Soviet Union, and in lesser degree the other socialist countries, did and do provide aid and help of tremendous importance economically, politically, militarily and scientifically.

Then there remains the first possibility to understand his silence vis-a-vis the socialist countries. He does not want to analyse these problems because he wants to avoid getting involved in a controversy—a controversy, between the People's Republic of China on the one hand and the Soviet Union and the overwhelm-

ing majority of the socialist countries and communist parties on the other. This attitude of Nabudere is disappointing. He clearly does not live up to his intellectual level as a sincere Marxist scholar in these matters. For he does not need to be an admirer of everything going on in the Soviet Union, or in any socialist country, in order to arrive at the sober recognition of the fact that as far as its foreign policy is concerned, the Soviet Union has demonstrated time and again to be an ally of the revolutionary forces in the world, which however does not imply that all foreign political actions of it have been equally suitable and well designed. China on the other hand is getting more and more engaged in the camp of imperialism.

Nabudere wrote his book in 1977, before the Chinese attack on Vietnam, before the danger of a military alliance between China and NATO was ripening but he wrote it well after certain facts were known like Chinese support for Pinochet, Strauss, South Africa, Unita, sabotage of the heroic struggle of Vietnam and so on. When it is clear that China's main concern is *not* the struggle against imperialism, but *to fight the Soviet Union* and its friends or even potential friends, then one cannot keep silent.

Nabudere is too sincere a Marxist scientist to reject the logic of reality. It is to be hoped that in his following publications he will not back out in the face of certain problems, but will analyse also these phenomena as clearly as he did with regard to imperialism. The world revolutionary process has not two main actors—the proletariat and the toiling and suppressed masses of the capitalist states and the Third World—but three, the third and the most powerful being the working class and the working people in those countries where the rule of capitalism is broken for ever.

### *Perspectives for the Third World*

In the concluding sixth part of his work Nabudere seeks an answer to the problems of how and by whom a democratic and socialist development can be achieved in the present-day neo-colonies. The development of the neo-colonies on the basis of the old bourgeois revolution leading to capitalist development is not possible (p 269), for such a development was already ruled out when these territories got subjugated under colonialism and imperialist domination (pp 119-120). The only possible way to development then is, in the view of Nabudere, through a "new democratic revolution that leads to socialist development" (p 269).

The author rightly does away with nonsensical theories a

la Emmanuel which consider nations as the historical actors. He proceeds on a class basis. But unfortunately, his class analysis with regard to the Third World remains rather rudimentary. His main guide to it is Mao Zedong's otherwise excellent study "On New Democracy". What is surprising (again) is that he does not use any Soviet scientific source though there are many written on this kind of problems (to mention just a few: Tjagunenkov, Pavlov, Bogoslovsky, Uljanovsky, Iskenderov, Simoniya, Tjulpanov).

Though Nabudere sticks to Leninist positions—the proletariat being the leading force and having as main ally the peasant masses, and the need for a professional revolutionary vanguard party (pp 270-272)—he is not convincing in his search for identification of the social forces capable of carrying out the necessary revolution.

### *United National Fronts*

Nabudere takes firm stand against ultra-radicalism fashioned after ideas of A G Frank and stresses the necessity for broad united national fronts, including segments of the national bourgeoisie, in the fight against imperialism (pp 276-277). He emphasizes that this kind of alliances must be under the leadership of the proletariat. But at this point he certainly could have uttered a warning against nationalism. Analysing imperialism he correctly rejects the use of the concept of nation as an analytical unit. But the revolutionary strategy touches upon the national question. When national feelings get transformed into nationalistic sentiments it is certainly to the disadvantage of the world revolutionary process. The danger of such (temporary) deformation is not imaginary, as the recent Chinese foreign policy convincingly demonstrates. Unfortunately, as said above, Nabudere does not want to face certain facts.

As far as Nabudere analyses capitalism and imperialism he is very sober and clear. When it comes to the analysis of the "periphery," his approach contains some radicalist elements. According to him there is no development possible whatsoever until imperialism is definitely defeated. Socialist aid for industrialization is of no use (p 243), state enterprises neither. Joint ventures and even nationalization of certain industries bear also no positive effects (p 246). One wonders what then could be done in the Third World until the revolution shall succeed.

It might be true in many cases that joint ventures, nationalization of some branches, industrialization with the aid of socialist countries will have as *short term* effect a strengthening of the neo-

colonial state and the neo-colonial international relations. But in the *long run*, these measures contribute to the emergence of national bourgeoisie *and therefore* to opposition against imperialist subjugation and to what is more important, the growth and strengthening of the proletariat, the gravediggers of national and international bourgeoisie. Therefore, while working for revolution, the industrial development in the Third World must be pushed forward *even* under imperialist conditions, under as advantageous circumstances as possible. For the dialectics of these developments is such that after all imperialism will be weakened by them.

Dan Nabudere has done excellent work in two regards: 1) He gives a thoroughgoing Marxist-Leninist analysis of capitalism and imperialism, from mercantile capitalism up to the present-day multilateral imperialism; 2) his critique of the so-called neo-Marxist radicals and revisionists is to the point and convincing.

The analysis of the "periphery" is qualitatively beneath his theoretical level. The same holds true for his class analysis and his discourse on the world revolutionary process. The impression one gets is that Nabudere did not yet make up his mind as to the consequences of certain phenomena of our day. It might be connected with his implicit sympathies with Marxist theories. These sympathies are also indicated by his remarks when he blames "revisionism" in Portugal for not performing the proletarian revolution (pp 278-229). One just wonders whether he is referring to the Communist Party of Portugal, which would be outright slander.

*The Political Economy of Imperialism* can nevertheless certainly be used for political and scientific education, also at university level. The author demonstrates a respectable erudition, eloquence, lucidity and to the point argumentation. But, as said before, when using this book, certain inadmissible errors and omissions must be corrected.

MIKLOS RACZ

<sup>1</sup> *New Times*, No 16, April 1980, p 19.

<sup>2</sup> *Deutsche Volkszeitung*, 1 December 1977.

## *A Misspecified Inflation Model*

ISHER J AHLUWALIA, BEHAVIOUR OF PRICES AND OUTPUT IN INDIA, The Macmillan Company of India Limited, 1979. pp VII + 117, Rs 65.00.

A SURVEY of existing literature on inflation would show that there are many things in common among what is discussed under demand-pull, cost-push and structuralist hypotheses of inflation. Ever since the neo-classical economists formulated the theory of inflation in terms of the well-known quantity theory of money, the concept underwent several modifications, especially after the second world war, depending upon the economic conditions of the countries or the periods to which it applied. The celebrated Keynesian theory of inflation, a product of the grim post-war situation, is, in effect, a synthesis of the monetary and value theories. The Keynesian hypothesis, which views inflation as arising out of an excess of planned expenditure over income at full employment level, subsequently evoked the famous controversy regarding the price-wage flexibility concepts and led to the development of separate theories of demand-pull and cost-push inflation. The demand-pull theory has again broken up into monetarist and Keynesian. The structuralist hypothesis which ascribes sectoral imbalances to inflationary upsurge may some times find its essential roots in any of the above concepts. The rigid stance taken by different schools of thought on this subject is, therefore, one rightly feels, more sentimental than factual.

Those who have attempted to study the Indian inflation have generally dwelt upon Keynesian hypotheses—either the aggregative model, which uses as its analytical tool the effective demand derived through the multiplier function of autonomous expenditure in the economy, or the econometric sectoral specifica-



tions and estimation model. One major shortcoming of these models is the relative insignificance they attach to the supply constraints. Those who tried to improve upon this shortcoming, by incorporating the supply variables, have not succeeded much in integrating them with the rest of the model. In a predominantly agricultural country like India, the role of the rural sector in the process of generation of prices is not a trivial thing. The need for a closer look into this role still remains. Similarly, the food-grain prices, which set in motion the pace for all other price movements, have been approached from the point of view of a market clearing mechanism, rejecting the part played by speculative stock holding in the price formation.

It is from this background that Isher Judge Ahluwalia proclaims that the purpose of the book under review, originally a doctoral thesis submitted to the prestigious Massachusetts Institute of Technology, is "an eclectic approach in analysing the behaviour of prices and outputs in the Indian economy, combining elements of structural, demand-pull, cost-push and monetary theories of inflation." While going through this small five-chapter work (along with five appendixes) one finds that Ahluwalia "is not a prisoner of any particular theory of inflation", as Jagdish N Bhagwati has noted in the foreword. Ahluwalia's attempt is to disaggregate the structural characteristics of the Indian economy in the light of the prevailing institutional characteristics and then to establish inter-sectoral linkages through macro-econometric specifications. The work contains all the formal requirements that a good econometric research should have—sequence-wise, thorough examination of data, review of existing literature on the subject, formulation of hypothesis through model specifications, estimation of the basic models, simulation preceding interpretation of results and conclusion. One hundred and twentyone variables are picked up and 67 equations fitted to time series data for the period 1950-51 to 1972-73 spread over agricultural, manufacturing, foreign, fiscal and monetary sectors. Almost all equations yield "better" results as indicated by the  $\bar{R}^2$  values obtained from least square estimates.

However, better regression results are not all. How far they are capable of explaining the behaviour of prices and outputs in India during the period of investigation is more important. Let us take a sample of estimates and see the way they capture the problem.

It is a well-known fact that the post-1965 period in India,

which coincides with the so-called era of Green Revolution, has experienced a deceleration in the growth of agricultural production. This period has witnessed unprecedented droughts in 1965-66 and 1966-67; state intervention in the market for foodgrains as well as agro-based industrial raw materials, two wars, huge influx of refugees into the country, a steady increase in the import prices of oil, fertilizers and so on. The price behaviour, especially of the early seventies, have generally been explained in terms of these factors, except perhaps the state intervention variable even though on detailed analysis these explanations may appear to be hardly realistic.<sup>1</sup> Ahluwalia also falls back upon these presumptions to begin with and then, to be strong on the argument, puts the models to counter-factual simulations before interpreting the regression results. Reversing some of the policy variables Ahluwalia examines what would have happened i) in the absence of droughts in 1965-66 and 1966-67, ii) in the absence of PL 480 imports and iii) with a lower government expenditure. The answers obtained for i) and ii) being rather curious, we take them for a detailed discussion.

Taking a previous normal year, 1963-64, data for the drought years are extrapolated and the regression equation re-run. Accordingly, it is found that, if the 1963-64 conditions were to continue, that is, had there been no droughts during 1965-66 and 1966-67, the outputs of commercial and food crops would have gone up, resulting in an increase in the marketed surplus of foodgrains by 18 percent in 1965-66 and 20 percent in 1966-67 and an appreciable reduction in the pressure of inflation. This is unexceptionable. But the contention that these droughts have been responsible for the post-1965 deceleration in agriculture is not only far from convincing but also born out of ignorance of the institutional constraints developed in the rural sector along with the onset of the Green Revolution.

More interesting is the econometric result regarding PL 480 imports of foodgrains. It is stated that in the absence of these imports during 1961-62 to 1967-68, while agricultural income in real terms would have been lower by less than 0.1 percent per annum the real total income in the economy would have decreased by 2.0 percent and money supply, aggregate price level and absolute prices of foodgrains would have increased respectively by 2.7 percent, 4.6 percent and 17.0 percent per annum. The reasons: PL 480 imports from the United States of America against rupee payments rather than against foreign exchange. The amount so accrued was kept within the country itself to provide "developmental" loans and to meet the expenses of the United States

embassy and other institutions working in the country. These expenses being matched by a corresponding amount of foodgrains, there was no room for PL 480 rupee to prove inflationary, in the same way as the "additional" expenditures of the central and state governments and the private corporate sector. On the contrary, these imports have played a crucial role in the domestic economic growth.

The experience of any developing economy that relied heavily on food imports has been a retardation in the growth of foodgrain production. For the domestic producer who is ignorant about, and incapable of using, cost reducing production techniques is subjected, through subsidized distribution of imported foodgrains, to competition against the powerful rich farmers of the surplus producing countries. The impact of PL 480 imports to be otherwise, simply because of the rupee terms of exchange involved in the agreement, is difficult to understand. The hope that the advanced capitalist countries are interested in the real prosperity of their aid or trade-goods receiving poor countries is wishful thinking. The "string" attached to PL 480 agreement and the subversive activities to which the rupee pile-ups from those imports were used had been widely criticized in this country, before the government finally decided to do away with it once and for all.

### *Corporate Wages*

If this is counter-factual simulation yielding counter-factual conclusion, the findings about corporate wages is not only factually but also theoretically untenable. It is stated that wages have depicted a strong upward trend during the period under study, affecting prices and output on the one hand, and corporate saving and investment through profit, on the other. The main purpose of the simulation runs in the book appears to be to establish that the increase in wages caused by price rise has resulted in a reduction in industrial profit and therefore a stagnation in investment, employment and output. Theoretically, the view that wage rise leads to a *pro tanto* reduction in profit is a neo-classical fallacy based on Say's Law. In reality, giving an increase in the money wages is a method adopted by the entrepreneurial class to annex a disproportionately higher share of the total output. Along with an increase in the wage bill, even if the prices are maintained without increasing, the profit in the investment and capitalist consumption goods sectors remains uncharged. A rise in prices followed by an upward adjustment in wages should, therefore, invariably lead to an in-

crease in profit. In short, wage rise, if at all it has taken place, cannot be attributed to lower profit, investment and output.<sup>2</sup>

The best way to look into the causes of industrial stagnation in India does not seem to be through the wage-profit relationship, but through the prevailing mode of financing industrialization, income and asset distribution among different industries, terms of trade between agricultural and non-agricultural sector, and so on.<sup>3</sup> Empirically also there is no proof for an upward trend in the real wages of the corporate sector. Using the data published in various issues of the *Reserve Bank of India Bulletin*, Ranjit San has shown that the percentage share of wages in the outputs of medium and large public limited companies, foreign controlled rupee companies and branches of foreign companies has registered a persistent downward shift from 1960-61 to 1972-73. At the same time, the profits of these companies have swelled. Over these years the share of wages has gone up only in small public limited companies.<sup>4</sup>

These are a few indications to the type of approach the book makes. For simple problems, the fitted regressions yield conventional answers. Where questions are still unresolved, or require further insights, the results are curious. To cite a case in point, the estimates in respect of the fiscal sector show that government expenditure through deficit financing is inflationary while investment through tax revenue has no effect on prices. This is elementary economic principle. Deficit financing injects fresh money into the economy and bids up prices whereas expenditure through taxation shifts the already existing money from one area to another. Against this straightforward question, Ahluwalia's variable relating to government intervention has no contribution to make to the explanation of the movements in relative prices. However, this is not quite the case. A pronounced contradiction of the post-1965 period, especially the period of investigation of this book, could be witnessed in the highest price obtaining for the food crops which registered the highest growth in production.<sup>5</sup> Of late, the foodgrain prices have shown a tendency to firm up when there are shortages but they do not recede to the extent required when there are abundant supplies. Since mid-sixties a powerful farm lobby has emerged and has been trying to exert itself with a "heads I win tails you lose" attitude, according to Dharm Narain, a former chairman of Agricultural Prices Commission.<sup>6</sup>

The volume of labour put into the preparation of this macro-econometric model for India, which is very sizable, loses

its significance due to the nature of result, the specifications yield. Inflation is more a humanitarian problem than an empirical one. A 20 percent inflation may not estrange many people of the developed economies from the fundamental necessities of life. But a mere 2 percent inflation may throw a sizable chunk of the population in India into the depth of penury. Even this basic reality has been ignored from the very start of this model building process, where it is stated that "inflation in Indian economy over the period 1951-73 has been moderate by international standards."

M RAGHAVAN

- <sup>1</sup> See Prabhat Patnaik, "Current Inflation in India", and N Krishnaji, "State Intervention and Foodgrain Prices", *Social Scientist*, January-February, 1975.
- <sup>2</sup> Michal Kalecki, *Selected Essays on the Dynamics of the Capitalist Economy*, Cambridge University Press, 1971, pp 156-164.
- <sup>3</sup> Prabhat Patnaik, "Industrial Development since Independence," *Social Scientist*, June 1979, pp 3-19.
- <sup>4</sup> Ranjit Sau, "Indian Political Economy, 1967-77: Marriage of Wheat and Whisky," *Economic and Political Weekly*, April 9, 1977, pp 615-618.
- <sup>5</sup> Ashok Mitra, *Terms of Trade and Class Relation*, Frank Cass, 1977.
- <sup>6</sup> See the interview given by Dharm Narain to Vinod Chowdhury, *Cross Section*, March 1975.

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## CONTRIBUTORS

*KAPIL KUMAR teaches history at S D Post-Graduate College, Ghaziabad.*

*S K MITTAL teaches history at Meerut College, Meerut.*

*SAKTI PADHI is a research scholar at the Centre for Development Studies, Tirandrum.*

*ANIL RAI is at the National Council for Applied Economic Research, New Delhi.*

*T V SATYAMURTHY is Professor of Political Science, University of York, England.*

*DILIP S SWAMY is Professor of Business Economics, Delhi University.*



T V SATTAMURTHY

*Changes in Power Structure in International Relations: Their Implications in Southern Africa*

RADICAL changes affecting the relationship between imperialism and the newly independent countries have taken place during the last 30 years. These can be understood only by analysing the considerable shifts that have occurred during the last two decades in the general orientation of the international system. This paper is concerned with the shift in general orientation of the international system while focussing on the specific question of the changes that have been taking place in the antagonistic relationship between national liberation movements and world imperialism. The latter theme will be explored in the concrete context of developments that have taken place in southern Africa over the last decade or so. We believe that it is in southern Africa that, at the present juncture, imperialism is in a critical conflict with national liberation.

During the nineteen-sixties and seventies the national liberation struggles in Indo-China ended in the first major defeat of imperialism in the underdeveloped countries of the world since the second world war. At the same time, the end of the Indo-Chinese wars of liberation against imperialism coincided with the emergence of powerful anti-imperialist national liberation movements in several parts of southern Africa from a stage in which

they had been heavily outflanked by imperialism and its local collaborators, to a new phase in which they were well placed to consolidate their gains and intensify the anti-imperialist struggle.<sup>1</sup> Imperialism itself has been displaced from its uniquely offensive strategic position as a consequence of the great changes that have occurred in the power structure underlying the relations of super-powers, as well as in the relations between imperialism and its allies on the one hand and the newly independent and underdeveloped countries, on the other.<sup>2</sup>

For over a decade since the end of the second world war, the United States of America was, in a real sense, the only super-power, even though the international power structure was formally described in terms of there being two super-powers. This fact alone bore serious consequences, in a world divided ideologically between the forces of imperialism and the forces of anti-imperialism (including predominantly the forces of socialism), for the shaping of political forces in all parts of the world.

In the developed industrialized capitalist world (western countries and Japan), a monochromatic international strategy could be shaped (through a number of bilateral aid and security arrangements) of which the United States imperialism was the chief spokesman. In the underdeveloped world the United States imperialism was in a position to exercise a considerable degree of influence (especially up to 1954) by playing a role which combined anti-colonialism in rhetoric with economic and military penetration in practice.<sup>3</sup> In particular, the zeal and determination with which the United States backed the new state of Israel while at the same time refusing to recognize the just claims of the Palestinian people to statehood served to introduce a new instability in West Asia. During this initial post-war phase, the socialist countries, by virtue of their economic isolation and military encirclement, were placed on the defensive. While such internal developments within the socialist world as the rift between the Soviet Union and Yugoslavia gave rise to tensions of a more general character, the leading socialist power was in no position to give even moral support to such strong and popular indigenous communist movements in Greece, France and Italy, while the conservative and social/Christian democratic parties in these countries were given a great deal of moral and material support by the main imperialist power. At the same time, the Soviet Union was unwilling to forge close political links with nationalist bourgeois leaders of the newly independent Asian countries

whom it regarded, on balance, to be more anti-socialist than anti-imperialist.<sup>4</sup>

### *Yalta Agreement*

The tacit agreement at Yalta, as a consequence of which a division of the world into capitalist and socialist spheres of influence was accomplished, set the scene for a phase of consolidation during which the west as a whole—with its stranglehold on the economies of Asia (excluding China and North Korea), Africa and Latin America—and the United States imperialism in particular, were strategically better placed than the Soviet Union and its allies. Indo-China was the only region in which this state of affairs was challenged in a systematic manner by an anti-colonial and anti-imperialist political movement consciously adopting the path of national liberation through revolutionary struggle. It is significant that by 1954 the United States (which, in 1948, had championed Indonesian independence in the United Nations Organization) had displaced the defeated French colonial power in Vietnam as the leading counter-revolutionary, anti-liberation force. The reason for this sharp shift is easy to discern. In the case of Indonesia, the nationalist movement was divided into three strands—the Right, the Centre and the Left—of which the Centre constituted the leading force; in the case of Vietnam, the liberation force was also a single-stranded revolutionary force in which socialism and nationalism were regarded as integral parts of the ideology sustaining a unified and cohesive anti-imperialist and anti-colonial movement.<sup>5</sup> Thus, a bipolar world with only one hegemonic power would be an accurate shorthand description of the international power structure of the first decade after the end of the war.

After the death of Stalin a number of changes occurred which heralded new dynamics within the international system. Within the western alliance itself the spirit of cohesion underlying policies that were followed under the United States' leadership remained intact for the time being, despite the gnawing sense of unease already introduced into Franco-American relations in the immediate aftermath of Dien Bien Phu<sup>6</sup>. The relations between the western and socialist worlds (and within these overall relations, the bilateral relations between the chief protagonists of both sides) took a new turn with the technological and military advancement of the Soviet Union (especially in the space and nuclear fields)<sup>7</sup>, Khrushchev's de-Stalinization, the eventual gradation of the problems dividing the two main adversaries into a hierarchy of

non-negotiable (Berlin), less negotiable (direct penetration of certain third areas) and more negotiable (detente and disarmament) questions, and the eventual rise of the Soviet Union to a position of hegemonic influence measurable in concrete terms. In the socialist world itself, while China bore the increased brunt of isolation and fierce ideological attacks from the west, it was at the same time quick to create friendly links on a state-to-state basis with the nationalist regimes of the other poor Asian countries.<sup>8</sup> The Bandung conference symbolized China's incorporation into the Third World (the poor part of the world or the intermediate zone of peace as the Soviet characterization of the world would have it during the nineteen-fifties) and by the same token the exclusion of the Soviet Union.<sup>9</sup> At the same time, it provided a framework within which the United States policy towards the Third World could be discriminated and differentiated.

The conclusiveness with which the Bandung conference tacitly excluded the Soviet Union from its geo-political definition of Afro-Asia was swiftly followed by a series of Soviet overtures with a view to gaining friends and allies among the non-aligned Afro-Asian countries (notably India, Indonesia and Egypt).<sup>10</sup> Thus, during the second decade of the post-war era, anti-colonialism and anti-imperialism were recognized both by China and the new leadership of the Soviet Union as sufficient conditions for the establishment by socialist countries of friendly ties with non-aligned countries. Although in a number of ways—not least ideological—the ruling groups in many of these countries were strongly influenced by the United States, the entry of the Soviet Union on the scene as a power prepared to provide economic and military assistance constituted an important new feature in the developing international power structure.

From the mid-nineteen-fifties onwards, there were, in the Third World, three different types of orientation:

- 1) Countries which were clients of the United States and totally dependent upon it for their counter-revolutionary survival, security, and development.
- 2) Countries which, by pursuing a policy of political non-alignment and equidistance, became, over a period of time, and depending chiefly upon the ramifications of the developing United States-Soviet relations, doubly aligned as it were; in other words, these countries were dependant both on the United States and the Soviet Union for material assistance and military and food aid while being wedded in their domestic

policies, by and large, to varying degrees of anti-people policies despite lip service to progressive causes and shibboleth socialism.

- 3) The less industrialized countries in the socialist world critical of the international line of the Soviet party and no longer in a position to receive large quantities of aid from the Soviet Union.

These do not, of course, include a number of liberation movements throughout the Third World that took shape during this period (chiefly in Indo-China, Algeria, the Portuguese colonies of Africa and Cuba, to mention only the most significant ones).

### *Common Consciousness*

Despite the numerous differences that divided the Third World countries among themselves, a common consciousness developed of their material poverty and economic exploitation by capitalist countries and especially by the United States, which was manifested in varying degrees of acuteness on a number of common platforms ranging from the political successors of Bandung to such international forums as the United Nations Conference on Trade and Development. In other words, the second decade of the post-war era witnessed the institutionalization (albeit only to a limited degree) of the Third World's horizontal inter-relationships on a political level as well as the formulation of its main economic problems centring upon its deepening immiserization against a background of continued improvement of living standards in the developed countries despite the crises engulfing capitalism in overall terms.

The post-war phase during which this collective identity among the poor countries developed coincided with other developments that brought about a substantial shift in the overall orientation of the international power structure. Firstly, as the United States-Soviet relations thawed, the policy of the United States towards China, during the nineteen-sixties, reached new levels of strident antipathy. Secondly, as the Sino-Soviet differences became more open, the inter-party relations rapidly deteriorated, thereby opening a fissure in the international communist movement.<sup>6</sup> At the same time, the decision of the United States to attempt to destroy the anti-imperialist and national liberation forces in Indo-China by using its prodigious military might and technological superiority served as a reminder to the oppressed peoples throughout the world of the extent to which the United States was prepared to take the *offensive* in fostering counter-revolution in order to safe-

guard its own interests. In this situation, the Soviet Union, in its then recently demonstrated capacity as the other hegemonic power of the world, involved itself on the side of the Vietnamese National Liberation Movement and its allies. Whatever the balance of ideological and geopolitical considerations might have been in this involvement over the entire period of the anti-imperialist national struggle in Indo-China, it is clear that the Soviet Union's participation in it was part of a new and broader pattern of relations that was developing throughout the second phase of the post-war epoch between the Soviet Union and the United States.

This new pattern was marked by a distinct difference from that prevailing during the previous phase. At the same time, both within the western world and within the socialist world, contradictions developed over this period. In both camps (with special reference to Europe), *dependence* on the leading partner yielded place to an increasingly powerful drive towards *autonomous interdependence* without jeopardy to ideological unity. In other words, while the essentially antagonistic contradiction between the United States imperialism and China's socialist construction as well as that between imperialism and national liberation in the Third World was maintained throughout this period, the essential character of the United States-Soviet contradiction (in the short and medium term) was transformed; new tendencies arose within the two main blocs which questioned the premise upon which bloc unity had been built immediately after the war.

### *Third Phase Developments*

On the eve of the third broad phase of the post-war development of the international power structure, four main developments would appear to have crystallized, especially over the last decade or so:

- 1) An increase in the polarization of political forces in a number of Third World countries was accompanied by a general intensification of repression by military and semi-fascist regimes with the assistance of western powers, especially the United States. Of late, however, the criterion for assistance to such regimes seems to revolve around whether or not internal opposition to them is supported by the Soviet Union and/or Cuba, a factor which is of great importance among the international factors affecting the development of national liberation movements in contemporary southern Africa. The general tendency in African countries to use military rule to buttress imperialism has followed the trend already

well established in Latin America. It is important not to forget that despite the high level of repression to which the masses have been subjected in most of such countries in order to safeguard the interests of international imperialism and neo-colonialism and their domestic collaborators, popular political forces have arisen in different parts of the world which have manifested a clear determination to oppose imperialism and struggle for national liberation. The Indo-Chinese model has thus become a very real alternative in a number of southern African countries starting with Mozambique (which developed its national liberation struggle under the Front for Liberation of Mozambique (FRELIMO) during the most critical phase of the Indo-Chinese national liberation struggles)<sup>11</sup> and, since the early nineteen-seventies, adapted to the conditions of Namibia, Zimbabwe and South Africa itself.

2) The United States-Soviet relations have tended to develop in such a way that the requirements of *detente* (at least until recently) have been given precedence. This has meant that, objectively speaking, the Soviet Union has been well placed to play a positive role in certain parts of the world. Thus, for example, in 1975, when the Portuguese—in response to pressures developing within Portugal—abruptly terminated their colonial rule in Angola the political situation was extremely volatile, with the Popular Movement for Liberation of Angola (MPLA) being the main force but challenged by imperialism on the one hand (with its aid to National Front for Liberation of Angola (FNLA), via Zaire), and on the other by South African pressure (again with its direct intervention on the side of UNITA.) The involvement of the Soviet Union and Cuba at MPLA's invitation resulted in the consolidation of a political regime in Angola which has been at once anti-imperialist and anti-racist while having its roots in a national liberation struggle against the Portuguese colonial power.<sup>12</sup> In general, the Soviet Union and Cuba, since 1975, have been able to play a useful role in certain parts of Africa although this role should be viewed critically and analytically by those who are supporters of national liberation. More recent shifts in the United States policy in southern Africa, to which we shall turn later in this paper, would not have been possible without the vigorous part recently played by the Soviet Union and Cuba.

3) One of the major disagreements between the Soviet Union and China relates to the latter's strong conviction that the former has been increasingly pursuing the path of "modern revisionism" in domestic policy and a policy of great power

chauvinism towards the outside world.<sup>13</sup> There are three broad aspects that should be noted in the development of the Sino-Soviet dispute. Firstly, the Chinese party reacted strongly to Soviet refusal, during the early nineteen-sixties, to permit free discussion of inter-party differences both on the question of socialist construction and on the correct line to be pursued in international relations. Secondly, China was alarmed by the Soviet Union's justification of its action in Czechoslovakia in order to put down Dubcek's revolt in terms of the doctrine of "limited sovereignty" (the Brezhnev Doctrine). It was only after 1969 that the Chinese party explicitly characterized the Soviet Union as "social imperialist". The eruption of Sino-Soviet border clashes along the Ussuri during 1969 merely heightened China's already grave misgivings concerning the Soviet Union's international role. Thirdly, developments within China leading to the Cultural Revolution had a profound impact not only on the Sino-Soviet dispute but also on the general impact of that dispute on the rest of the world.

4) The above developments would need to be viewed within a broad framework of changing political conditions within western Europe. Not only have centres of autonomous interdependence developed (the Fifth Republic of France, the European Economic Community and so on) but also, within a number of West European countries (particularly Greece, Spain, Portugal, Italy and France), popular political parties emerged in strength which were opposed to the monopoly of political power in the hands of those parties that had been closely identified with the world view of the United States. At the same time, the stronger among the West European communist parties (especially of France and Italy) steadily increased their autonomy within the international framework of fraternal communist parties.<sup>14</sup> Autonomous interdependence thus became the *modus operandi* of the relations between West European communist parties and the Communist Party of the Soviet Union, (CPSU). The significance of these developments for intra-western relations and for the role of the United States within the North Atlantic Treaty Organization can scarcely be exaggerated. The trend in the direction of independence of West European communist parties contributed to a loosening of the structure of relations binding the governments and ruling parties of western countries together.

These developments affecting the structure of international power have crystallized over a period of last ten years or so, which from the perspective of this paper, constitute the latest phase of



the post-war epoch. The process of crystallization of the various features outlined above has been marked by a number of developments throughout the world. In the remaining part of this paper we shall concern ourselves with the dynamics of the conflict in one important area, southern Africa.

Southern Africa has occupied a crucial position in international relations for three inter-related reasons. It comprises a wide variety of societies which have been affected by the forces of imperialism, colonialism and racialism to different degrees. Thus, during the first quarter of a century of the post-war epoch, a vast proportion of the area south of the Congo was in the grip of Belgian, Portuguese and British (as well as French) colonialism, whereas South Africa itself (including what are now Botswana, Lesotho and Swaziland), along with South-West Africa, reflected, in its internal orientation, the double oppression of colonialism and racialism under *apartheid*. During the nineteen-sixties, however, the emergence of a number of southern/central and east African countries resulted in the isolation of colonialism and imperialism as well as their intensification in the Portuguese colonies (Mozambique, Angola), and the Ian Smith breakaway regime of settler colonialism under the new aegis of the Unilateral Declaration of Independence (UDI) (1965-1980). UDI received support from the racist regime of South Africa which itself had developed into a kind of sub-imperial power with close bilateral links with the countries of the west (and particularly the United States and the United Kingdom, since its departure from the Commonwealth).

### *Pattern of Anti-Colonial Movements*

The usual pattern of anti-colonial independence movements, culminating in negotiated settlements in other parts of Africa, could not be followed in these countries. At the same time, the newly independent countries of east and central Africa (with the exception of Malawi) regarded with alarm the triple conjunction of colonialism, imperialism, and racialism in a major portion of southern Africa. This was clearly expressed in the Organization of African Unity (OAU), especially by such countries as Tanzania, Uganda and Zambia,<sup>15</sup> although it was not until more recently that any concerted effort has been forthcoming from these and other "front line" states to deal with the challenge posed by such countries as Southern Rhodesia, South Africa, and (until 1974-1975) Portugal. During the interval between the attainment of independence by east and central African colonies and their concerted in-

vovement (along with other African countries) in the national struggles of southern African countries, a number of changes have taken place in the international situation, not the least in the orientation of imperialism in the region taken as a whole.

In South Africa and Southern Rhodesia, the decade of the nineteen-sixties witnessed an unprecedented tightening of the screw by the regimes, aimed at stifling black national political activity of any kind and imposing white domination on the whole society. The Salazar and Caetano regimes of Portugal pursued a similar policy in Mozambique and Angola. In Southern Rhodesia, the African political parties, Zimbabwe African People's Union (ZAPU) and Zimbabwe African National Union (ZANU), which, between them, encapsulated a number of different anti-colonial and nationalist tendencies, gradually increased their popular support among the African people.<sup>16</sup> The illegal and unconstitutional UDI regime of Ian Smith subjected these movements to a policy of mounting repression. The political response to Ian Smith's minority rule emerged in the form of a national liberation movement to which sizable segments of the political parties committed themselves. Against heavy odds, the patriotic forces of the national liberation movement were able to engage the Ian Smith government forces in guerrilla warfare. Their popularity rapidly spread among the Zimbabwean people in different parts of the country. For several years, the metropolitan power of Britain, the imperial power of the United States and the other western powers (notably France) paid lip service to the principle of majority rule.<sup>17</sup> On the one hand, they devised a "sanctions" policy against the Ian Smith government, under pressure from the Third World countries in the United Nations Organization (UNO), which they found ways of effectively circumventing; on the other hand, the hollowness of western policy towards Southern Rhodesia provoked a sympathetic response to the guerrilla and the national liberation movement among neighbouring African states which had hitherto been wary of a "Vietnam type" of struggle against colonialism.<sup>18</sup> The independent countries of east and central Africa (with the exception of Malawi), irrespective of their own indigenous political complexion, would have no truck with racism in any form. The crystallization of this stance on the part of black southern Africa as a whole had to await the more dramatic and decisive developments in the Portuguese colonies of Mozambique and Angola. We shall briefly follow these developments before returning to our final observations on recent developments in Zimbabwe.

Under Salazar and Caetano, Portugal adamantly stuck to the view that its colonial possessions were merely direct extensions of the mainland territory and as such they had no independent existence even as political entities within the Portuguese empire. Both in Mozambique and in Angola, nationalism of even the mildest kind was thwarted whilst nationalist parties in neighbouring African countries were progressing towards independence during the nineteen-fifties and sixties. Portugal invoked its position in NATO as the rationale for the collective responsibility of the organization in order to preserve its colonial empire intact. This was never energetically repudiated by the United States even under an administration which claimed that its main purpose would be to undo the damage that had been wrought upon American policy by Dulles.<sup>19</sup> So far as the west was concerned, Mozambique and Angola were important for its global strategy. They constituted a protective barrier between South Africa (south of the Limpopo) and the newly emergent anti-racist states of east and central Africa (south of the Zambezi); and Angola's immense natural resources would be safeguarded for western exploitation through multinational companies. The South African regime was loth to permit any change in the *status quo* in Portuguese Africa. The heavy involvement of multinational companies and banks, with the support of western countries and South Africa, in the Cabora Bossa dam was symbolic of the determination of imperialism and its allies not to permit any radical political change in Mozambique.<sup>20</sup>

### *Awakening in Mozambique, Angola*

The political awakening of the people of Mozambique and Angola began under such harsh conditions. As the normal channel of open political agitation was closed to the politically and nationally conscious in these countries, nationalist opposition to colonialism and imperialism took the form of freedom struggle and national liberation. The Mozambiquean national liberation movement was able to attract the support of vast sections of the population within a short period of time. The Front for Liberation of Mozambique (FRELIMO) itself was forged as a united force after the resolution of its inner contradictions in practice. It had, in the process, organized one of the biggest networks of public education, national discipline and anti-imperialist national political consciousness in the history of national liberation movements. Despite the assassination of a leader such as Mondlane and the massacre of innocent villagers by the colonial power (for example,

Wiriyanu), FRELIMO grew from strength to strength and represented a formidable challenge to Portuguese colonial power, even when fascism appeared unshakeable in Portugal itself. In Angola, national liberation was impeded not only by Portugal's ruthless policy of exterminating all political activity, but also by the interposition of imperialism in an indirect manner with a view to splitting the national liberation movement.

Here the different tactics adopted by imperialism in Mozambique and Angola must be noted. In Mozambique, which was of greater strategic than direct long term economic importance to the west, the main thrust was an all-out offensive against a unified national liberation force. In Angola, where the main national liberation force was MPLA, whose political activities had been concentrated in the most populous heartland region, imperialism attempted to create centres of disaffection both along the Zaire border (with the collaboration of Zaire, which has been a pro-imperialist bastion in the region) and in the very sparsely populated south of Angola. In the latter region, South Africa became directly interested for fear of being unable to contain Namibian nationalism once African nationalism reached its border in the form of a united, liberated, independent Angola. In both Angola and Mozambique, the national liberation movements of FRELIMO and MPLA attracted widespread international support and they were able to raise arms from several socialist countries, including China (till 1975). But direct involvement of socialist countries, including the Soviet Union, was conspicuous by its absence throughout southern Africa up to 1975. By the same token, imperialist and colonialist policy in this region, as well as the overall strategy of South Africa, pointed in the direction of lip service to majority rule coupled with active support for repression of national liberation movements.

### *Cohesive and United Movements*

The collapse of fascism in Portugal was swiftly followed by the independence of Mozambique. The timing and manner of Portuguese withdrawal from its African colonies were, to some extent, reflected in the political reverberations of the various realignments that took place on the Portuguese scene itself in the immediate aftermath of the overthrow of fascism. Mozambique and Guinea-Bissau not only possessed the advantage of being led by cohesive and united national liberation movements, FRELIMO and African Party for Independence of Guinea and Cape Verde Islands (PAIGC) respectively, and were thus in a position to present a united front, but became independent at a time when anti-

colonialism was itself high on the agenda of the post-Caetano regime in Portugal. By 1975, the political waters of Portugal had already become murky to the extent of relegating the question of how power should be transferred in Angola to a very minor position by comparison with the domestic preoccupations of the various Portuguese political parties and factions within the Portuguese armed forces jostling for power. It is not surprising, therefore, that Portugal virtually left Angola without formally transferring power to the dominant national liberation force, namely, MPLA. During the interregnum between the sharpening of the internal political contradictions of Portugal (starting, say, in December 1974) and the actual transfer of power to Angola in late 1975, imperialism had been finally defeated in Indo-China. Although the clear lesson of this defeat had been widely learnt in the United States (including substantial sections of the Senate and the House of Representatives), the United States administration under the tutelage of Kissinger, was anxious to prevent the stabilization of Angola under an MPLA regime.<sup>21</sup> In this, it had the support of South Africa as well as Zaire. In the initial stages, support for this came from Zambia as well, though Kaunda was soon to modify his original stand in the matter in the light of Zimbabwean developments. This was the rationale underlying the decision to administer massive doses of armed assistance to such politically insignificant groups as the UNITA and FNLA; the aim of imperialism in Angola was to create an alternative by which the strength of MPLA could be eroded from within.

### *Qualitative Change Introduced*

The weakening of imperialism in the aftermath of its failure in Indo-China and the resulting confusion in the United States policy-making undermined to some extent the position of both the South African and the Zairean governments which, have been the chief beneficiaries of imperial policy. At the same time, MPLA, which was well placed to assume control of the most populated parts of Angola, including Luanda, the capital, found it possible to make a formal request for assistance to Cuba and the Soviet Union in its struggle against FNLA which had the active support of imperialism *via* Zaire and UNITA in the south, which was supplied with men and material by South Africa.

The introduction of Cuban forces and Soviet equipment into Angola at the formal request of its newly independent government opened a qualitatively new chapter in the anti-imperial developments affecting southern Africa. A number of points need

to be noted at this stage. Although such a collaboration as that between Cuba and the Soviet Union would by its very nature have to be close, the degree of autonomy enjoyed by each of the parties, Angola, Cuba and the Soviet Union, is limited not by the logic of which of these powers can flex its muscle to a greater extent, but by the objective requirements of the situation affecting not only Angola but also the whole of the region of which it is a part. At the same time, it must be understood that although the specific assistance of the Soviet Union and Cuba in one case leaves open the possibility of similar assistance elsewhere (more immediately Zimbabwe in this context until the developments of the later part of 1979),<sup>32</sup> it should not be mechanically assumed that it will come about in precisely the same form; the specific form and level of such assistance will be determined by the particular situation in question and the various domestic and international forces affecting it.

So far as the United States (and its allies, notably Britain) is concerned, the active role undertaken by Cuba and the Soviet Union for the first time in African history would appear to have necessitated a change of tactics while maintaining the same strategic posture as before. To some degree, this new phase is symbolized by the appearance of new figures in imperial policy-making under the Carter administration (Young—1977 to 1979 and Vance—1977 to 1980). But it should be remembered, at the same time, that the strategic thinking of Kissinger is still powerful under the leadership of Brezezinski to such an extent that the tactical flexibility sought to be achieved by Young and Vance has been viewed as capitulationism in the face of Soviet-Cuban initiatives in Africa.

### *Confusion over Policy in United States*

These two orientations within imperialism are by no means objectively in mutual contradiction; but that they should appear so in the eyes of different protagonists in Washington is an expression of the confusion over policy inside the United States government in the aftermath of imperialism's defeat in Indo-China, and the national resistance to which it is becoming increasingly subjected in several parts of southern Africa. It is, however, clear that as the political climate of Rhodesia changed during the second half of the UDI phase, the United States imperialism found it expedient to distance itself from the Ian Smith regime as long as it was possible to find a black alternative to it which would keep Zimbabwe within the sphere of influence of the United States and

its allies.<sup>93</sup> The aim here was to keep the Soviet Union from entering new areas in southern Africa, that is, political deterrence. In South Africa itself, however, the contradiction between condemning the continued practice of *apartheid* and Bantustan policy as well as the repression of black people, and, on the other hand, of safeguarding the economic and strategic interests of imperialism in collaboration with the South African white minority regime, has had the effect of a large number of anti-racialist (but by no means socialist) African states (for example, Nigeria and Zambia) openly declaring their support for the continued presence of Cuba and the Soviet Union in various African countries to fight alongside African nationalists against racialism and imperialism.<sup>94</sup>

The removal of colonialism from Mozambique, and the success of MPLA in consolidating its power in Angola after the departure of Portugal, coupled with the realization that anti-imperialist forces from outside Africa could be brought in to fight against imperialism, had an immediate effect upon political developments in Zimbabwe. If imperialism found itself, for the first time in the post-war history of Africa, to be on the defensive in Angola, the Southern Rhodesian regime under Ian Smith found itself, for the first time, to be vulnerable in the face of the mounting support received both in Zimbabwe and from outside (and especially from the "front line" states of Tanzania, Zambia, Mozambique, Angola and Botswana) by the Patriotic Front, with a number of its forces operating from the hospitable terrain of neighbouring states. Of these, Dar es Salaam has had a long history (stretching back to the initial phase of the FRELIMO struggle) as the headquarters of Africa's liberation movements. With their independence achieved, Mozambique and Angola quickly became solid supporters and fraternal allies of the Patriotic Front; even Zambia, which was in the throes of anti-communist suspicion during the initial phase of Cuban-Soviet entry into Angola, reversed its stand in a short period of time in response to the strongly-held view within the Patriotic Front (which represented the broadest cross-section of popular forces opposed to racialism, and, in particular, the Ian Smith regime) that, in their national liberation struggle, the Soviet Union and Cuba would be invaluable allies should the necessity for seeking their active cooperation arise.<sup>95</sup>

It was this development that provided a new urgency to the attempts on the part of the United States imperialism and Britain to reshape their tactics in dealing with the political forces of Zimbabwe. Here a number of different strands of policy must be kept in mind. Firstly, there are those in the United States administra-

tion, for example Brezezinski, in whose view the confrontation in Africa is predominantly a super-power confrontation and to whom the national movements in Africa are only of secondary significance; at the same time, there are those like Young (or his black successor at the United Nations) who take the view that the long range future of imperialism in Africa is tied up, to a certain degree, with the forces of African nationalism and anti-racialism and that failure on the part of imperialism and its allies to influence in the right direction the outcome of current struggles would be too costly to contemplate. The British government is inclined towards the latter view which largely shaped its policy both under Owen and Lord Carrington. While this represents a significant shift in tactical terms, it in no way reflects a shift in the overall strategic thinking of imperialism and its allies.<sup>26</sup> Thus, we have witnessed, during the last year or so leading up to the Lancaster House talks, a phenomenon of polarization which has been unfolding itself in a systematic fashion.

### *"Internal Settlement"*

The future of a white minority regime being no longer safe, given imperialism's change of tactics and its failure to retain the offensive in southern Africa, Ian Smith made his own overtures in 1978 to a few discredited black leaders which resulted in an "internal settlement". While this settlement had the effect of further drawing together different tendencies within the national liberation front and of strengthening the unity of the "front line" states against racialism and imperialism, the British, with the active collaboration of the Americans, took upon themselves the task of impressing upon the Smith regime the need to negotiate with the Patriotic Front in the presence of the United States and British representatives. This could only have meant that the aim of imperialism and its allies was to split the Patriotic Front in the hope that those elements within it that were determined to carry on the national liberation struggle to its revolutionary conclusion would be isolated, and, that those elements within it that could be carried into a settlement involving black majority rule would find their own class interests compatible with allowing the continued penetration of the economy by imperialism and its allies.<sup>27</sup>

Although the situation affecting Zimbabwe is complex, certain factors appear to come out clearly. Firstly, the recent quickening of the pace of political development has been to the advantage of the radical elements within the Patriotic Front. This has been the main factor underlying the total failure of Ian Smith's



'internal settlement'.<sup>28</sup> The uneven radicalization within the Patriotic Front should be viewed not merely on the basis of the assumption that the less radically inclined segments of the Patriotic Front have something important to gain by premature compromise with imperialism and its allies, now purged of overt racialism. For, there was (until recently) a broad readiness on the part of Cuba and the Soviet Union, no longer viewed with the initial suspicion their role in Angola provoked in some of the "front line" states, to support the Patriotic Front under appropriate objective conditions. The precise role of the Soviet Union and Cuba in Zimbabwe is difficult to predict for the reason that the Patriotic Front is a very different kind of organization from the Angolan national liberation movement. At the same time, it is true that the Patriotic Front regarded itself as a revolutionary national liberation force with the avowed objective of winning national freedom by fighting the forces of reaction to the bitter end.

### *Prelude to Lancaster House Talks*

Within a few months of its assumption of power, the Muzorewa government had shown itself to be incapable of pursuing a policy of internal political unification. In fact, it maintained and intensified its predecessor's policy of attacking the Patriotic Front bases of ZANU and ZAPU in Mozambique and Zambia throughout the eight months of its existence and until the return of the guerrilla forces to Rhodesia after the signing of the Lancaster House agreement. So exposed had the UANC-led government become within a brief period of a few months that at the Commonwealth Prime Ministers' conference in Lusaka (1979), the African "front line" states and the British government (especially Lord Carrington and Mrs Thatcher) agreed to a new initiative to bring the war to an end by paving the way for the majority rule. By this time, neither wing of the Patriotic Front was unduly anxious to seek a quick settlement. But the "front line" states—each for its own reasons<sup>29</sup>—individually and jointly applied pressure on the Patriotic Front leaders to take part in negotiations with their opponents under Britain's chairmanship. This is not the appropriate place for recapitulating the events of those momentous weeks. For our purposes, Britain's stand was based on the premise that a final victory of the radical sections of the Patriotic Front could be averted only by quickly installing in power an elected alternative black majority government in the place of the Muzorewa "internal settlement" government.<sup>30</sup>

However, even though the process of unification and consolidation of the Patriotic Front has been superseded by a majority rule formula acceptable to imperialism and its allies (and, therefore, something that South Africa has found difficult to prevent, despite the "local mischief" played by Lord Soames in attempting to maintain a South African troop presence contrary to the explicit commitment of the signatories to the Lancaster House agreement), it is more likely than not that the ensuing regime in Zimbabwe would find it expedient to strengthen its ties with the Soviet Union and Cuba and other friendly anti-imperialist forces of the world.<sup>31</sup> Towards this end, such a regime would be subject to pressure both from within and from without. For reasons which had nothing whatever to do with those of imperialism and its allies, the Soviet Union adopted a very low profile throughout the Lancaster House talks. By then, while the Soviet Union itself clearly continued to stand by its original commitment to ZAPU (PF), it was aware of the growing strength and popularity of ZANU (PF). Soviet policy towards the two wings was readjusted by simply regarding ZAPU and PF interchangeably while referring to the liberation struggle and by modifying its coolness towards ZANU (PF) which had always maintained friendly ties with the Chinese government. Thus, a situation prevails in which imperialism and its allies are compelled to make choices which may or may not lead to the ends desired by them; at the same time, the Zimbabwean situation, until recently, by no means conformed to what we might term the "Angolan paradigm" from the perspective of the Soviet Union.

The fact that what was happening in Zimbabwe corresponds to an overall situation in which both racialism and imperialism are definitely, though only for the time being, on the defensive, determined the kind of momentum that the Zimbabwean revolution had started to acquire, especially during the last year or more prior to the Lancaster House meetings.<sup>32</sup> The more radical elements within the Patriotic Front had reached a stage in their development at which they needed neither underestimate their own strength nor overestimate the power of the enemy. In practice, this would have required them to steer away from both excessive caution and political adventurism.<sup>33</sup> At the same time, the large segments of the as yet unradicalized elements within the Patriotic Front had begun to feel that there was no rush to enter into a less than satisfactory settlement with the forces of imperialism and racialism even if it might mean that they would inherit power under a system of majority rule sooner than had

hitherto been anticipated. This was the crux of the dilemma faced by the United States imperialism and its chief ally in this regard (namely Britain) during the latest phase of developments in Rhodesia.

In this sense, the qualitative changes that have occurred in the situation prevailing in southern Africa as a whole during the last five years have served to undermine rather than preserve the interests of imperialism and its allies in the region.<sup>33</sup> The attempts of a section of the Carter administration to attribute these developments solely to Soviet initiative is an over-simplification of a much more complex reality, an important part of which has been the rising crescendo of anti-imperialism in all parts of Africa reflected in an urgent and immediate manner in the national liberation struggles taking place in southern Africa,

### *The Outlook for Future*

What precisely the Soviet Union is likely to do in the long term future in Africa would depend upon a number of factors. While Big Power ambitions on the part of the Soviet Union need not be ruled out, one cannot help but be struck by the impediments in the way of such a turn of events so easily and stridently attributed by China in her current struggle against the Soviet Union.<sup>34</sup> One ought not underestimate imperialism's interests in the area and its continued striving to interfere when and where possible. South Africa, though isolated from the rest of Africa, will, for a considerable time, until the liberation forces within the country assume politically significant proportions, continue to be an important lever for imperialism and its allies in fashioning the African part of their global strategy.

The interests of Cuba and the interests of the Soviet Union should not be assumed to be automatically identical so far as Africa is concerned. It is significant that Cuban statements (particularly those of Fidel Castro) on Africa stress the close organic links between Cuba and African liberation movements and the similarity of the background of imperialist exploitation to which both Latin America and Africa have long been subject. At the same time, African states which have come out in support of the Soviet and Cuban initiatives in different parts of Africa have tended to single out for praise the role of Cuban troops.

Despite the big strides recently taken by the forces of national liberation against imperialism and racialism, it is important to remember that bourgeois and petit bourgeois nationalism in Africa in general, and in the particular southern African

states that we have discussed in this paper, is still very strong. The interesting feature of bourgeois and petit bourgeois nationalism at the present juncture would appear to be contained in the fact that, in its struggle against imperialism, colonialism and racialism, it tends to become coextensive with national liberation movements; thus, in times of crisis, the prospect of significant elements among the national bourgeoisie and petit bourgeoisie becoming radicalized as part of a united front has tended to increase in southern Africa (and at the present moment in Zimbabwe) in recent years.<sup>35</sup> At the same time, there are powerful segments within the bourgeois and petit bourgeois nationalist forces which are ready to reach out for accommodation with the forces of colonialism and imperialism; but their urge to do so has been held in check by the much more complex background of political developments against which they have had to function and of which the Soviet-Cuban factor is but one, although a very important one.

A serious revolutionary movement would be one which would strengthen itself and its mass base well before the point is reached at which the contradiction between national liberation through revolution, on the one hand, and bourgeois and petit bourgeois nationalism, on the other, ceases to be non-antagonistic. It is precisely this outcome that imperialism and its allies have regarded to be in their interests to bring about under the changed conditions under which they are now compelled to function. The next decade or so will be witness to extremely important developments in southern Africa which will throw light on the future strategy of imperialism in a world that has been radically altered by the Indo-Chinese wars of liberation, the fall of Portuguese colonialism, the decolonization of Zimbabwe, and the blows that the forces of national liberation have been able to deliver against racialism, colonialism and imperialism in southern Africa.

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<sup>1</sup> See, for example, "Imperialism and People's War", editorial article in *Review of African Political Economy*, Vol 4, November 1975, pp 1-12.

<sup>2</sup> These major contradictions have been explored in some detail in the author's "Non-alignment and Tanzania's Role in International Relations—An Interpretative Essay" in K Mathews and S S Mushi (eds), *Tanzania's Foreign Policy*, Dar es Salaam, Tanzania Publishing House, in print. See also Naom Chomsky, *American Power and the*

*New Mandarins*, New York, 1969; *At War with Asia*, London, 1969; Gabriel Kolko, *The Politics of War; The World and U. S. Foreign Policy*, Boston, 1969; David Horowitz, *Imperialism and Revolution*, Harmondsworth, 1971.

- <sup>3</sup> David F Fleming, *The Cold War and its Origins 1917-1960* (2 volumes), London, 1961; David Horowitz, *From Yalta to Viet Nam*, Harmondsworth, 1967; Michael Klare, *War Without End: A Planning for the Next Viet Nams*, New York, 1972.

The classic formulation of the forward look urged by George Kennan which fore-saw an era of sharing of world power between the super-powers is to be found in George Kennan, "The Sources of Soviet Conduct" by "X", *Foreign Affairs*, July 1947.

- <sup>4</sup> With only the communist parties willing to support the war effort of the allied powers, national bourgeois elements utilized their popularity among the masses to discredit the communist parties in a number of South and Southeast Asian countries, notably India, Burma and Indonesia. Thus, even after independence, the leaderships of these countries which took state power from the colonial authorities were regarded with suspicion by the Soviet Union. Mao Zedong, on the other hand, adopted a more practical view of these leaders. Thus, when the Communist Party of India's delegation expressed the view that Nehru, the Congress party leader and Prime Minister of India, was indecisive and phlegmatic, Mao Zedong is reported to have quipped, "Which would you like better—a weak and ineffective bourgeois leader like Mr. Nehru or a strong and ruthless bourgeois leader like Chiang Kai-shek?"
- <sup>5</sup> Ho Chi Minh, *Recollections*, Hanoi, 1962. *Selected Works*, Hanoi, 1969. See also Jean Lecouture, *Ho Chi Minh* (tr P Wiles), Harmondsworth, 1968.
- <sup>6</sup> Bernard Fall, *Le Viet Minh*, Paris, 1960. See also T V Sathyamurthy, *International Relations in Southeast Asia during the Post-War Phase*, 1971, mimeo; "The Role of China in International Relations", *Economic and Political Weekly*, Vol 13, Nos 45, 46 and 47, 11, 18 and 25 Nov 1978, pp 1857 ff.
- <sup>7</sup> V D Sokolovski, *Soviet Military Strategy* (tr for the Rand Corporation by H S Dinerstein and others), Englewood Cliffs, 1963. See also Raymond Aron, *Peace and War* (tr R Howard and A B Fox), London, 1962; and Vincent P Rock, *A Strategy for Interdependence*, New York, 1964.
- <sup>8</sup> G H Jansen, *Non-Alignment and the Afro-Asian States*, New York, 1966; TV Sathyamurthy, "The Role of China in International Relations", *op cit*.
- <sup>9</sup> T V Sathyamurthy, "L' Ordre Mondial En L'An 2000: perspectives Asiatiques", (*Futuribles*), *Analyse et Prevision*, Tome VIII, Juillet-Aout 1969, Numero 1-2, pp 487-502.
- <sup>10</sup> It is interesting that the most significant reversal of Stalin's policy towards the newly independent countries of Asia was preceded by a highly publicized tour in 1955 of India, Indonesia, Afghanistan, Burma and Egypt by the new Soviet leaders Khrushchev and Bulganin. The interval between Bandung and the secret speech by Khrushchev was fraught with changes of great significance in the relationship between the Soviet Union and the non-aligned countries of Asia. By the same token, too, the seeds of future differences between China and the Soviet Union were sown then, even though their actual manifestation was to await internal developments in China following the Great Leap Forward policy which itself was preceded by the momentous changes in agrarian policy in 1957 with the introduction of communes.
- <sup>11</sup> See, for example, Samora Machel, "Revolution in Mozambique: The People's Republic of Mozambique: The Struggle Continues", *Review of African Political Economy*, No 4, November 1975, pp 14-25. Stewart Smith, *U. S. Neo-colonialism in Africa*, Moscow, 1974, *passim*.
- <sup>12</sup> See Lionel Cliffe and Peter Lawrence, "The Struggle for the State in Southern Africa", *Review of African Political Economy*, No 5, January-April 1976, pp 4-11; "Briefings: The Struggle in Angola", *Ibid*, pp 80-98; "Briefings: Angola; The Rise and Fall of Nito Alves", *Ibid*, No 9, May-August 1978, pp 88-104. (The last mentioned item appears under the signature of Paul Fauvet). See also Gabriel Garcia

Marquez, "Operation Carlota or The Cuban Mission to Angola", *New Left Review*, No 101-102, February-April 1977, pp 123-137.

- <sup>13</sup> This aspect of the Sino-Soviet dispute as it affected international relations is discussed in detail in T V Sathyamurthy, "The Role of China in International Relations", *op cit*.
- <sup>14</sup> See Santiago Carrillo, *Eurocommunism and the State*, London, 1977; Louis Althusser, "On the Twenty-Second Congress of the French Communist Party", *New Left Review*, No 104, July-August 1977, pp 3-22.
- <sup>15</sup> It is important to understand the dynamics underlying the response of the "independent" black African countries of southern Africa to white settler intransigence. This response is best encapsulated in the Lusaka Manifesto of 1969 issued at the end of a summit conference of east and central African states in the form of a statement on southern Africa. This manifesto expressed in no uncertain terms the African nationalist abhorrence of racism. At the same time, it sought to isolate the UDI regime of Ian Smith by giving expression to a subtle and indirect recognition of South Africa. In an objective sense, it is useful to remember that all the independent states that took part in the preparation of the manifesto were under the control of political elements whose character was neo-colonial. It is, however, important to remember that the Lusaka Manifesto formed the basis of the "front line" states of Africa, Tanzania, Botswana, Zambia, Mozambique and Angola. A careful reading of the manifesto with a view to defining its lowest common denominator would reveal the potential that it carries for individual members of the alliance to engage in periodic sell-out gesture to imperialist powers. See, for example, Kren Eriksen, "Zambia and Detente", *Review of African Political Economy*, No 9, May-August 1978, pp 4-26; E Mlambo, *Rhodesia: The Struggle for a Birthright*, London, 1972; and G Arrighi and J S Saul (eds), *Essays on the Political Economy of Africa*, London, 1973, *passim*.
- <sup>16</sup> For an excellent appraisal of the dynamics of the internal political developments effecting the role of ZANU and ZAPU and other forces, see Ibbo Mandaza, *White Settler Colonialism, African Nationalism and the "Coloured Question" in Southern Africa: The Cases of Northern Rhodesia/Zambia, Nyasaland/Malawi, and Southern Rhodesia/Zimbabwe 1900-1976*, unpublished D Phil dissertation in politics, University of York, 1978, Chapter 11; see also Nathan Shamuyarira, *Crisis in Rhodesia*, London, 1965.
- <sup>17</sup> The revelations in the recently published *Bingham Report* detailing how oil sanctions were broken systematically by big British oil companies with the knowledge, if not the active complicity, of successive British governments throughout the UDI period, is ample proof of the hypocrisy of the imperialist powers and their allies where the interest of the African peoples are concerned. It is interesting too that revelations of such great magnitude could be handled with ease by the British Labour government with special reference to the ruffled feelings that they appeared to give rise to within the Zambian government. A mini-summit between Callaghan and Kaunda, away from a prying press, in the relatively obscure town of Kano in northern Nigeria, was not only enough to assuage the feelings of the latter but also pave the way for the momentous step taken by Zambia shortly thereafter (October 1978) of throwing open its border with Southern Rhodesia/Zimbabwe for the flow of goods between the two states. The deepening rift that this step signified between Tanzania and Mozambique, on the one hand, and Zambia, on the other, within the "front line" states, is as important as the fact that the "internal settlement" administration at Salisbury did not hesitate to penetrate Zambian borders to strike against ZAPU forces after the latest gesture on the part of Zambia. See, for example, Colin Legum, "Five Questions After Bingham", *The Observer*, 24 September 1978. It is not surprising that the Tory government unceremoniously scrapped the Bingham report under the pretext that the Lancaster House agreement (1979) made it obsolete.
- <sup>18</sup> For a particularly good example of African attitude to the Vietnam type of anti-imperialist struggle, see Julius Nyerere's contribution, "The African View on Rhodesia: Objections to the Fearless Proposals", *The Round Table*, No 234, April 1969, pp 135-140.

- <sup>19</sup> During the presidency of J F Kennedy, his brother, Robert Kennedy, played a much publicized role as an opponent of racism not only in his own country but also in the arena of international relations, with particular reference to South Africa. It is interesting that he saw no difficulty in opposing racism while being committed to safeguarding the interests of American imperialism and western neo-colonialism in African countries.
- <sup>20</sup> See, Barry Cohen and Mohamed A El-Khawas (eds), *The Kissinger Study of Southern Africa*, London, 1975.
- <sup>21</sup> During the period immediately preceding the abrupt withdrawal of Portuguese forces from Angola, Kissinger was furiously active in thwarting MPLA by pumping cash and arms to FNLA and UNITA elements. On the nature of developing political forces in Angola, see, for example, W G Clarence: - *Smith Slaves Peasants and Capitalists in Southern Angola 1840-1926*, Cambridge, 1979, pp 97-104.
- <sup>22</sup> It is interesting to note in this connection that the Soviet Union's partiality toward Nkomo's fraction of the Patriotic Front (P F) has been severely tested by recent events which have not shown Nkomo in a very favourable light. His secret meeting with Ian Smith (1978) without prior consultation with his co-leader of the P F (Robert Mugabe) could only be explained on the basis of his close links with imperialism and its chief ally, Britain. With the widening of the rift among the "front line" states, mainly centring on Zambia's ambivalent role in the Zimbabwe struggle the increasing desperation of imperialism and its allies which led to Britain's initiative in forging the Kano agreement with Zambia and extending hospitality to Ian Smith and his colleagues in the "internal settlement" in order to enable them to put their case before the representatives of the American people (1979); and above all, the widening rift *within* the Patriotic Front between Mugabe and Nkomo—an open request was made at one point by President Nyerere of Tanzania that the Soviet Union should supply arms not only to Nkomo's side but also to Mugabe's side of the Patriotic Front. The position of the Soviet Union has remained somewhat fluid on these and other matters affecting the future of southern Africa.
- In the case of Namibia, it is very clear that the effort (up to the end of October 1978) of the five western powers to salvage what they could of the original settlement favouring elections in December 1978 through adult franchise by imploring the South African government to hold a second election under UN supervision some time during 1979, were motivated by a desire to exclude the Soviet Union from the area and to weaken SWAPO militancy. It is unlikely that this strategy will be successful in view of the adamant stand taken by South Africa over the question of Namibia and the storm that is brewing in that country in the form of an armed struggle of the people against racism and colonialism. See, for example, Duncan Inness, "Imperialism and the National Struggle in Namibia", *Review of African Political Economy*, No 9, pp 44-59.
- <sup>23</sup> A whole series of events during the period immediately preceding the "internal settlement" (April 1979) would point to the deep ambivalence of imperialism and its allies towards the various protagonists in the national liberation war that was being waged over Zimbabwe. Reference has already been made to the Kano mini-summit between Callaghan and Kaunda under the auspices of diplomatic hospitality provided by Nigeria—a summit which, by virtue of its political consequences, served to throw into sharp relief not only the differences dividing the two major segments of the Patriotic Front but also the divergences of view that had developed between Mozambique, Angola and Tanzania, on the one hand, and, on the other, Zambia and Botswana within the alignment generally referred to as the "Front Line States of Southern Africa". The extraordinary manner in which Ian Smith and his black colleagues in the "internal settlement" council were allowed into the United States (October 1978) to avail themselves of the opportunity of putting their case to members of both houses of legislature as well as before the American public has, despite the token refusal of President Carter to grant an audience to the leaders of the illegal

Southern Rhodesian regime, angered the section of P F led by Robert Mugabe to such an extent that he demanded the exclusion of USA from the all-party negotiation envisaged under the Anglo-American proposals for a Zimbabwe settlement. By the time Lancaster House agreement was being negotiated, Addis Ababa had become an important centre where representatives of the different wings of P F met periodically to coordinate a joint ZANU-ZAPU strategy. Ethiopia was engaged in providing military training to ZANU guerrillas. At the same time, ZANU links with East Germany in particular improved. These developments taken together would constitute a general indication of a softening of Soviet attitude in view of the fact that ZANU had successfully emerged as the most popular political force in Zimbabwe.

- 21 In the case of Nigeria and Zambia, however, welcoming Cuban presence in Africa is a tactic employed to win concessions from Britain and the United States. In recent years Nigeria has played a dubious role in bringing about secret meetings between Nkomo and Ian Smith (especially since the beginning of the "internal settlement" earlier during 1978). One of the most vociferous African critics of Lord Soames's policy in post-Lancaster House Rhodesia (1980) was Nigeria. Britain was particularly sensitive to Nigerian criticism for obvious economic reasons.
- 25 Throughout the last four years, Zambia has been the most vacillating among the "front line" states. Kaunda has consistently adopted a line of least resistance towards imperialism and neo-colonialism; in more ways than one (witness, for example, the decision taken in October 1978 by Zambia—without prior consultation with other "Front Line" states—to reopen formally the southern border to permit free movement of goods between Southern Rhodesia and Zambia). It is difficult to dissociate this step from the Kano meeting which more or less immediately preceded it. On the role of Tanzania in these developments see, T V Sathyamurthy, "Non-alignment and Tanzania's Role in International Relations", *op cit*.
- 26 Even the stand taken by Owen regarding a possible visit to Britain by Ian Smith on his way back from the United States was far from emphatic; it sounded rather more like an attempt to make virtue out of necessity.
- 27 The behaviour of Nkomo in particular over the last year or two is convincing proof of the validity of this statement.
- 28 That the failure of the "internal settlement" has been brought home to Ian Smith himself is amply evident from his statements during his tour of the United States.
- 29 Tanzania's main reason was the exhaustion of its economy owing to Tanzania's role in removing Idi Amin from power in Uganda and removing Uganda's aggression under him against Tanzania leading to the occupation of the Kagera salient in 1978; Zambia could no longer continue to suffer the increasingly violent attacks of the Rhodesian security forces penetrating into its territory in their search and destroy missions against ZAPU which acquired an unprecedented level of ferocity during the Muzorewa regime. Mozambique was subjected to constant harassment by South African armed forces.
- 30 A study of the British press throughout the period between the Lusaka Commonwealth Prime Ministers' conference and the results of the Rhodesian general elections (September 1979 - February 1980) is revealing for the following reasons: a) The emergence of ZANU led government under Robert Mugabe was never entertained as a possibility. b) The decision of ZAPU and ZANU to fight the election separately was interpreted as a signal for imperialism and its allies to rally behind Nkomo who was regarded as symbolizing the pro-western segment of the Patriotic Front. c) The press as a whole manifested a reluctance to assess the popularity of ZANU. Even such a mild body as the Commonwealth observers group criticized the general political attitude of Lord Soames on this score in its post-election report. d) Alleged violations of the cease-fire by ZANU were consistently, if not wildly, exaggerated in the British press. By contrast, the gross violations of the ceasefire by UANC auxiliary forces and the Selous Scouts were either ignored or underestimated and underpublicized. e) It was only after Lord



Soames's lack of impartiality was exposed in the Salisbury bombing incidents of a week prior to the run up to the election of black representatives that the British daily press (and especially the radio and the television) felt compelled to adopt a less obviously prejudiced style of reporting. f) At no point was any section of the press willing to undertake a serious and objective estimate of ZANU's popularity or to report on the hardships and handicaps under which it was compelled to campaign as a consequence of the colonial Governor's rather desperate and foolhardy attempts to thwart its effective campaigning in large chunks of the black electorate. It is not surprising, therefore, that when the election results were announced the British media "were stumped." A free and fair election it had been, but not for lack of attempts on the part of the political enemies of the "national liberation" strategy, led by the departing colonial power. It is interesting too that ZANU's convincing majority (63 percent popular votes and 57 out of 80 black parliament seats) has not stopped the British Parliament and the British Governor from preaching to Mugabe the virtues of a broad based government in a multi-racial society.

- <sup>81</sup> Mugabe's first statement as Prime Minister designate on Zimbabwe's foreign policy stressed its commitment to non-alignment, its desire to join the Commonwealth, and its intention to forge friendly links with "those who have stood with us in our struggle".
- <sup>82</sup> The guerrillas of both the organizations with the Patriotic Front and particularly the guerrillas operating under ZANU from their bases in Mozambique, became rapidly politicized and constituted a formidable force capable of moving into the mainland with popular support behind them. This development was accelerated to an unprecedented degree especially from 1978 onwards. For a cynical, yet perceptive assessment of the Zimbabwean situation from the viewpoint of a detached bystander, see Conor Cruise O'Brien, "Ian Smith and the Unmaking of UDI", *The Observer*, 13 August 1978.
- <sup>83</sup> At the present moment, nowhere is the defensive posture of imperialism more clearly manifest than in its attitude to SWAPO in Namibia.
- <sup>84</sup> The extent to which China is prepared to base her global policy on a purely anti-Soviet stance is evident from her overtures not only to Japan and the western countries but also to various other states, including Chile under Pinochet and Iran under the Shah (notorious for their repression of the masses), with which China has forged close political links during the last several months. The Soviet presence in Afghanistan has been utilized by China and the United States (as well as the western powers) as an occasion for whipping up international hysteria against the Soviet Union.
- <sup>85</sup> In this connection it must be noted that with the accelerated politicization of his ZAPU cadres, Nkomo has, of late, found it increasingly difficult to "go it alone" in his dealings with imperialism and its allies. We have elsewhere noted the unpredictability of Nkomo and his pronounced leaning towards accommodating with imperialism in order to safeguard the class interests of the Zimbabwean bourgeoisie and petit-bourgeoisie. It is equally important to remember that, as the political conflict continues, objective limits will be placed on his ability to manoeuvre the political future of Zimbabwe. This has already been made amply evident in the results of the election. For the time being at least, the interests which he represents have been relegated to a relatively minor place in the emerging configuration of political forces in Zimbabwe.

S K MITTAL

KAPIL KUMAR

*Anti-Feudal and Anti-Colonial Struggles of  
the Oudh Peasantry in Early 1920s*

RECENT researches<sup>1</sup> have exploded the myth that the Indian peasantry has been docile, passive, non-revolutionary and bogged down in the quagmire of superstitions. Its struggles against colonialists and their allies began soon after the intrusion of the British into the agrarian structure of India, effected by the acquisition of *Diwani* rights in 1765. These struggles, beginning with the Sanyasi rebellion in 1772, were numerous,<sup>2</sup> spreading over a period of nearly one and a quarter centuries upto the first world war.

The war along with the world revolutionary wave unleashed by the Great October Revolution, dealt a powerful blow to the structure of imperialism.<sup>3</sup> The masses grew restive as the plunder and exploitation of imperialism stood unmasked. The peasants' discontent would have erupted into violent outbursts in Champaran and Kheda but for Gandhi's intervention. The countryside in Oudh was seething with dissatisfaction owing to the ruthless exploitation by the lords of the land—the *taluqdars*, the relics of the feudal nobility—who maltreated the tiller of the soil. The settlement officer of a highly developed district of Oudh stated categorically:

"The cultivators, the *asamis*, are the villeins of the Middle Ages and the Lord of the Manor reckons them amongst his goods

and chattels, his they truly are, the *adscripti glebae*.”<sup>4</sup> The rapacious feudal lords arrogated to themselves such powers as to make themselves an “imperium within imperio.” The ossification of feudalism by the British laid the foundation, albeit unconsciously, of a class war which was to erupt in the early twenties of the twentieth century not only in Oudh but in many other parts of the country. But the rural mass upsurge was confined to isolated pockets and did not embrace the vast peasantry in one mighty wave of resistance to imperio-colonial and feudal oppression.

Why did this happen? Antonio Gramsci perceptively analysed it when he noted: “The history of subaltern social groups is necessarily fragmented and episodic... Subaltern groups are always *subject to the activity of ruling groups*, even when they rebel and rise up, only ‘permanent’ victory breaks their subordination, and that not immediately.”<sup>5</sup>

Mao Zedong proposed three alternatives to the Chinese people in the case of a peasant revolution: To march at their head and lead them; to follow at their rear, gesticulating at them and criticizing them; to face them as opponents.<sup>6</sup> While he went for the first alternative, the leaders of the bourgeois, democratic revolution in India followed a curious amalgam of the last two; subdued the revolutionary potentiality of the peasant masses, demobilized them and auctioned their interests to evolve a compromising transfer of power to the bourgeoisie. Even the most radical among the bourgeois leaders, like the younger Nehru and the socialists, despite their passionate championing of the rural poor, did not go beyond attacking verbally the colonial-feudal matrix.

### *Background to the Struggle*

Any proper understanding of the struggles of the peasantry against feudal oppression backed by the colonial administration calls for a brief description of the socio-economic conditions and the agrarian set-up preceding these struggles. The hierarchy of the agrarian set-up in Oudh comprised 1) the *taluqdars*; 2) the *zamin-dars*; 3) the underpropriators-occupancy tenants; 4) the tenants-at-will; and 5) the tenant serfs or agricultural labourers. At the bottom of the scale were the so-called “riff-raff”, the tenants-at-will, the “will” in question not being, as a rule, so much their own as their landlords’. They were condemned to lead “a dim, slow moving and too often a poverty stricken and hunger-bitten life... a narrow round of struggle between the rent collector and the village usurer. . . .”<sup>7</sup>

In 1918, there were 97.9 percent insecure tenants in Oudh.<sup>8</sup> The number of ejectment notices rose from 27,580 in 1905-06 to 43,490 in 1919-20.<sup>9</sup> The sword of eviction was wielded every year to pressurize the tenants into paying higher *nazrana* and *abwabs*.<sup>10</sup> One of the worst forms of forced labour and exploitation existed in the form of *begar*, *hari* and *rasad*. The condition of the agricultural labourers was most pathetic. Between 1873 and 1903 their wages had gone down by 2 percent in Oudh whereas rents had been increasing.<sup>11</sup> The *taluqdars*, like an octopus, spread their tentacles into the body-social of the cultivators of Oudh. They sat over them like an incubus oblivious of their sufferings.

The *taluqdars* and their minions, in utter disregard of law, imposed fines on the tenantry according to their whims and hunted the tenantry to fill their coffers. The colonial courts were hardly the instruments of justice as the success there depended on longer arms and fatter purses, which the poor peasantry always lacked.<sup>12</sup> The mounting evictions and increasing rents<sup>13</sup> drove the peasantry into the lap of the only borrowing agencies at hand—the traditional village *mahajans* (elite) and the landlord himself. The vast mass of the poor cultivators in varying degrees were in debt to their landlords or the village moneylenders all over Oudh.<sup>14</sup> The operation of the usurious merchant capital aggravated the economic plight of the tenantry.

### *Socio-economic Changes*

The last years of the nineteenth century and the early years of the twentieth century witnessed some important changes in the social situation which started influencing agrarian relations. The proprietary mutations; growing impoverishment of small *zamindars*;<sup>15</sup> intrusion of outsiders or *thekedars*;<sup>16</sup> introduction of usurious merchant capital; material conditions such as growing population unaccompanied by the growth of industrial or other avenues of employment; mounting social tensions; soaring prices;<sup>17</sup> fragmentation of cultivated land affecting the man-land ratio<sup>18</sup> were bound to influence the rural scene. The political process of Indian nationalism with colonial constraints also helped to highlight socio-economic contradictions. The outbreak of the first world war added to the miseries of the Oudh peasantry.

The loyal supporters of the Empire—the *taluqdars*—squeezed the peasantry dry by forcibly raising war loans (*larai chandas*) and recruits. The demobilization and retrenchment of the imperial troops at the end of the war brought to the countryside a large number of soldiers—the victims of false promises—now ready to

strike against their oppressors.<sup>19</sup> Every constituent of the rural Oudh, excepting the *taluqdars*, *mahajans* and their ilk, was aghast at the prevailing exploitation. The very concept of feudalism involved oppression and where it acted in concert with colonialism the plight of the hapless peasantry was bound to be pathetic. On the national scene, the promises of the allied leaders were falsified by the Rowlatt Act. The echo of General Dyer's fusillade shook Indian somnolence. The Khilafat question put a severe strain on the patience of the Muslims. The victory and consolidation of the Bolshevik revolution in Russia offered a new model of emancipation to which "submerged nationalities" may turn for inspiration and eventual emulation.

In Oudh, it was in this changed socio-political and economic milieu that the *taluqdars* served as unconscious catalysts for rural revolution. The discontented "hungry mobs" struck at the edifice of imperialism and brought down to a grinding halt the structure of colonial administration, although temporarily. The peasantry learnt to organize itself, created its organizations and emerged as a revolutionary class. The *kisan sabhas* (peasant organizations) and the *aika* (unity) movement were the manifestations of its revolutionary zeal. The peasant organizations were distinct in their origin, approach, methods and programmes. These could be categorized as 1) of the poor peasants and the rural proletariat and 2) of the urban bourgeoisie. The *kisan sabha* of Rure and other *Sabhas* launched by the revolutionary peasant leaders such as Thakurdin, Suraj Prasad, Brij Pal Singh and Madari Pasi belonged to the first category. The *Kishan Sabhas* led by Madan Mohan Malaviya and Motilal Nehru came under the second category. The two *kisan sabhas* came to be merged into one body, the Oudh Kisan Sabha, which, in course of time, came to be dominated by the urban leaders. As a result, it became defunct as the bourgeoisie had little interest in peasant problems.

The Rure based *sabha* adopted an anti-feudal line and favoured direct action under the impetus given by Ram Chandra. It channelized the peasant discontent and organized a mass movement to effect the deliverance of the people from the yoke of the feudal aristocracy. Ram Chandra exhorted the *kisans* (peasants) to withhold all kinds of cesses, gift payments (*nazrana*) and forced labour (*begar*), and pay only the normal rent.<sup>20</sup> Markedly anti-feudal in character, the *kisan sabha* stirred the peasantry to action. The local administration, fearing a breach of law and order, directed Ram Chandra to stop his poisonous propaganda calculated to incite class hatred and ill will.<sup>21</sup> The city bred *kisan* sympa-

thizers urged reasonableness and compromise in opposition to the tough posture taken by the local *kisan sabha*. The peasants were even warned by the urban leaders that they would not be helped from Allahabad if they acted against the law.<sup>32</sup> The perceptive remark of the Deputy Commissioner of Pratapgarh, "I think that the local Sabha had got a bit tired by the patient tactics of the Allahabad Kisan Sabha. It could not afford to wait for the law to alter after taking its own time", reveals the difference of attitude between the urban led and rural led organizations of the peasantry.

### *Birth of UP Kisan Sabha*

The United Provinces Kisan Sabha (UPKS) came to be organized by a group of nationalists participating in the Home Rule movement in order to refute the charge that the Home Rulers did not represent the masses of India.<sup>33</sup> Its objectives were "to check growing antagonism between the peasants and zamindars", "to further mutual trust and cordiality between the rulers and the ruled", "to establish village *panchayats*. . . for the progress of the peasantry", "to educate peasants in their social and political rights", "to spread such education among peasants as may be beneficial to them".<sup>34</sup> Launched on a vague and moderate programme, the UPKS occasionally raised its voice on the plight of the Oudh peasantry.<sup>35</sup> It never attempted to mobilize the peasantry for securing its release from *talugdari* clutches. Its achievement lay in taking peasant delegates to the Indian National Congress sessions (in Delhi, 1918, and Amritsar 1919), and raise their grievances from the Congress platform. But the bourgeois elite paid no heed to them. They even objected to the exemption of delegate fee for the peasant delegates.<sup>36</sup> Deo Narain Pandey's advocacy, at the Delhi session, of passive resistance if the demands of the tenants were not granted appeared to them to be extremist. The presence of the peasant delegates was mainly used by the Congress leadership to boast of having a rural backing. Motilal Nehru was "glad to see" the *kisans* in their hundreds at Amritsar,<sup>37</sup> but the Congress was not ready to back the class demands of the peasantry. When the UPKS, the handiwork of Madan Mohan Malaviya, presented a comprehensive and fairly radical resolution urging to declare the peasants as "actual owners of the soil they cultivate", the Amritsar Congress rejected it.<sup>38</sup> Instead a small resolution, much limited in scope, was adopted calling upon the All India Congress Committee "to investigate systems of revenue in vogue in different provinces."<sup>39</sup>

The chief thrust of the UPKS in 1920 was to attract peasant votes for its candidates in the elections to the United Provinces Council. It was not only the Malaviya group which sought election fortunes in the midst of peasant discontent but also the nationalists of all shades and hues. The non-cooperation programme had not yet been adopted. Motilal's advice to Jawaharlal, on the latter's visit to Pratapgarh, was not without significance: "If one or two visits like this to other parts of Pratapgarh district can be arranged there will be some chances for a pure nationalist getting into the council in spite of Raja Bhadur of Pratapgarh."<sup>30</sup>

Baba Ram Chandra's request to the urban leadership to set up an inquiry committee either from the provincial Congress Committee or from the UPKS to study the miserable condition of the peasantry and take steps to lessen their sorrows, fell on deaf ears.<sup>31</sup> In early June 1920, Baba Ram Chandra led nearly 500 peasants (on foot) from Patti to Allahabad with a view to broaden the movement by dragging some educated, urban leaders into it.<sup>32</sup> But the bourgeois leadership was reluctant to take up the cause of the peasantry. This is explicit from what Jawaharlal Nehru wrote: "They (Pratapgarh peasants) would accept no denial and literally clung on to us. At last I promised to visit them two days or so later."<sup>33</sup>

The Rure-based *kisan sabha* stepped up its activities. Ram Chandra intensified the struggle and asked the peasantry to stop payment of illegal cesses and start the cultivation of *sir* land (lands under the direct control of the *taluqdars*). He also asked the peasantry not to accept those lands for cultivation from which their fellow peasants had been evicted.<sup>34</sup> The spirit of defiance and rebellion permeated the Oudh peasantry, itching for "direct action".<sup>35</sup> The nationalist, bourgeois politicians, though moved by the sight of the naked and "crushed" peasantry, were only interested in patchwork solutions. They tried to strike a compromise between the oppressors and the oppressed.<sup>36</sup> Disregarding the counsel for patience and compromise, the bold peasantry numbering 53,000 showed determination at Patti to end the *taluqdary* evils. The Deputy Collector, Jwala Prasad, handled the situation tactfully by allowing Jhinguri Singh to address the congregation.<sup>37</sup> Here was an opportunity for the nationalists to step in and organize the struggle of the suffering peasantry against their exploiters but alas, they kept themselves aloof.

The mutual jealousies and quarrels among the nationalist leaders had their impact on the agrarian front in Oudh. Instead

of maintaining a joint front of the peasantry, the Congressmen squabbled to keep their hold on the peasantry. The personal rivalry of the two stalwarts of UP—Malaviya and Motilal Nehru—was dragged into the arena of *kisan sabha* politics.<sup>38</sup> The formation of the Oudh Kisan Sabha (OKS) was a big achievement for the non-cooperators<sup>39</sup> as it was used as a platform to propagate the new Congress creed under the garb of organizing the peasantry. The ultimate showdown between the cooperators and non-cooperators came in February 1921 resulting in a split in the UPKS. Motilal succeeded in carrying the larger section of the UPKS with him, and he became president of the newly created UPKS. It had no programme other than that of the Congress. The OKS was left in the lurch. Motilal captured the *kisan* movement by pushing Ram Chandra into the background through dubious means. He detained Ram Chandra at his Allahabad residence and formed the “selfish party”—the UPKS.<sup>40</sup> The peasant leader accused Allahabad politicians, in particular G S Misra and Motilal, for effecting his arrest as in his presence they found it difficult to influence the *kisans*.<sup>41</sup> Gandhi described Ram Chandra’s arrest as a “sacred event” and advised the peasantry to go to the Nehrus for leadership.<sup>42</sup> Leaflets bearing signatures of the office bearers of the UPKS and of the non-cooperators were widely distributed urging the peasantry “not to be unhappy” over the arrest and “not even try to get him released.”<sup>43</sup> With the removal of Ram Chandra the field was clear for the noncooperators to operate as they wished.

### *Gandhi’s Role*

Initially, too, it was a peasant, Raj Kumar Sukul,<sup>44</sup> who had converted Gandhi from a loyalist to a rebel. The Champaran and Kheda movements had endeared Gandhi to the peasant masses. He came to be looked upon as a messiah who would ensure their release from the colonial and feudal oppression. It was on account of this pro-peasant reputation that Ram Chandra wished to bring Gandhi to lead the Oudh peasantry.<sup>45</sup> But it was not on account of the appeals of Ram Chandra or other peasant leaders that Gandhi visited Pratapgarh. The telegram requesting his immediate presence in Pratapgarh, where about 80,000 peasants had surrounded the local jail to secure Ram Chandra’s release, also had no impact.<sup>46</sup> It was only on 29 November 1920, on the eve of the council elections, that he, along with his lieutenants, visited Pratapgarh to propagate *swaraj* and council boycott.<sup>47</sup> Surprisingly, not a single word was uttered about the



grievances of the peasants in a public meeting which was largely attended by *kisans*. Instead of conferring with *kisan* leaders Gandhi engaged himself in a private meeting with the *taluqdars* at Pratapgarh House.<sup>48</sup>

When the peasant movement was at its height in Rae Bareili and Fyzabad districts, Gandhi instructed Abdul Bari,<sup>49</sup> the Khilafat leader who held Ram Chandra as a "prisoner" at his Lucknow residence,<sup>50</sup> not to allow the latter to proceed to Rae Bareili. Bari had opined that Ram Chandra's presence would have strengthened the peasants' determination, and if he was stopped from proceeding to Rae Bareili, no further disturbances need be apprehended.<sup>51</sup> Thus Ram Chandra was prevented from attending the Unchahar meeting in Rae Bareili district, a meeting to decide the crucial question of non-payment of rent in consultation with Ram Chandra.<sup>52</sup> It would be recalled that the Congress had not considered the issue of non-payment of rent as part of the non-cooperation programme. The attitude of the nationalist leadership was only a shade different from that of the authorities. The Congressmen, Khilafatists and the Malaviya camp, all took personal pains to break up the meeting and send back to their homes the peasants who had trudged long distances in spite of government and *taluqdari* repression.<sup>53</sup> Thus the nationalist leadership "demobilized" the peasantry and stabbed its movement in the back.

### *Gandhi's Pro-Taluqdari Stand*

Gandhi was very critical of the looting incidents at Fyzabad but there was no condemnation of *taluqdari* atrocities on the peasants in his speeches. He avoided all direct contacts with the leaders of the Oudh *kisan* movement during his visit.<sup>54</sup> He warned the *kisans* that in case they did not conduct themselves on his methods and follow the Congress and Khilafat decrees, he would not tolerate them.<sup>55</sup> Gandhi was fully aware that the "zamindars would prove the chief stumbling block to carry out the non-cooperation programme" and they "could be brought to senses (only) if the tenants could be induced not to pay rent."<sup>56</sup> Yet he was not prepared to fight the Oudh *taluqdars*.<sup>57</sup> With no faith in class struggle, he declared:

It is wrong if anyone asks you (*kisans*) to stop payment of rent. . . . You should bear a little if the zamindar torments you. We are fighting against a big zamindar (Government)...Zamindars are also slaves and we do not want to trouble them. . . . If the zamindars harass them I would ask my *kisan* brethren not to fight with them but to adopt conciliatory attitude. They can go to

Pandit Motilal Nehru and Jawaharlal who are self-sacrificing men and the *kisans* should act according to their decisions. They should not quarrel with the zamindars.<sup>58</sup>

Such was the advice of Gandhi, who had been looked upon as a liberator of the Oudh peasantry. In Oudh there were no European planters as in Champaran, nor was the government directly involved with the peasantry as in Kheda. The direct confrontation was between the peasantry and the native feudal lords. It was against Gandhian ethics to fight the Indian landlords notwithstanding their opposition to the Congress, the oppression of their tenantry and solid support to the government. Gandhi considered the *kisan* movement as being "anterior to and independent of" the non-cooperation movement.<sup>59</sup> Before leaving the province he issued written instructions to the peasants. These included: Complete adherence to non-violence; not to stop services to the landlords; not to withhold taxes from the government and of rent from the landlord; to follow the advice of the Nehrus; to carry out all government orders; not to stop railway trains nor forcibly enter them without tickets; not to prevent the arrest of the leaders.<sup>60</sup> By May 1921 he was decrying the *kisans* for "not making wise use of their newly found power." He had no hesitation in advising suspension of payment of taxes to the government when the time came, but he desired that at no stage of non-cooperation the peasants should deprive the *zamindars* of their rent.<sup>61</sup>

The Gandhian theory hindered the growth of peasant revolution. He refused to take note of the communist advice to the Indian National Congress in which M N Roy and Abani Mukerjee had urged the Congress to shun its policy of ignoring the class demands of the peasantry and workers and its policy of sacrificing the economic interest of the masses for a political demonstration.<sup>62</sup> Gandhi wrote in *Young India*: "I hear the talk even of refusing payment of rent to zamindars. It must not be forgotten that *we are not non-cooperating with zamindars*. . . . We must try to bring round the zamindars to our side, and isolate the big zamindar. But if they will not come to us, *we must be patient with them, we may not even proclaim a social boycott against them*."<sup>63</sup>

The Oudh peasantry spontaneously and enthusiastically responded to the nationalist call. The rural leadership broadened its programme of economic emancipation from the feudal yoke by adding to its colour the Congress creed. Ram Chandra himself tried to channelise the peasant movement through the implementation of the Congress programme. The triple boycott and the constructive programme were vehemently propagated by him in

the countryside.<sup>64</sup> He declared that the government was "treacherous, tyrannical and dishonest" and he "will not rest until" he had driven it out.<sup>65</sup> In Fyzabad district, one of the documents seized from *kisans* contained a list of villagers appointed as Deputy Commissioner, *Captain Sahib* and *Daroga*.<sup>66</sup> In village Tajuddinpur of Sultanpur district, the villagers, according to the Deputy Commissioner, had established *swaraj* in "real sense" in the area administered by the Court of Wards.<sup>67</sup> This forces home the conclusion that the village was taken over, and run by the rural revolutionary forces. Laharpur and its neighbouring villages in Sitapur district set up their own administration during the *aika* movement. They appointed a Deputy Commissioner, a judge and other officials from among them.<sup>68</sup> The government virtually ceased to run in eight villages where Thakur Din Singh led the peasants' revolt.<sup>69</sup> Suraj Prasad denounced the entry of policemen in his area of influence and even arrested a policeman on patrol duty. He abolished all *zamindari* rights, reinstated evicted tenants in their lands<sup>70</sup> and fined government servants and pensioners.<sup>71</sup>

### *Blinkered View*

A recent study has dubbed these revolutionary peasants as "social bandits", persons belonging to "criminal tribes" and those "who robbed Peter to rob Paul soon."<sup>72</sup> This is nothing short of falling into the trap of imperialist school of historians and denying the rural revolution.<sup>73</sup> The peasantry took to violence in reply to the slow, corroding, almost daily violence of the landed aristocracy which they had borne so long. The revolutionary action of the peasant masses was too much for the bourgeois nationalist leadership to stomach. The Congress leaders were alarmed at the revolutionary developments. They rushed to divert the peasantry from adopting such a course of action. The Fyzabad Commissioner's report was not without truth when he wrote: "One point is clear that the leaders are anxious to restrain the more violent of these adherents such as Deo Narain and Kedar Nath and they purposely come to restrain them."<sup>74</sup>

The urban leadership was jealous that the rural leadership had surpassed them in the propagation and prosecution of anti-colonial movement.<sup>75</sup> The secretary of the Hardoi District Congress Committee personally distributed the pamphlets disowning the *aika* movement.<sup>76</sup> Babu Maharaj Bhadur and Krishan Lal Nehru preached *aika* between peasants and zamindars in opposition to the *aika* among peasants against *zamindars* and the government.<sup>77</sup> Jawaharlal Nehru, who, according to his biographer, "had

at this time no economic ideology to offer,"<sup>78</sup> side-tracked the economic distress behind the peasant upheaval and attributed the disturbances to the personal *zamindari* feuds in which the agents of one *zamindar* incited the peasants to loot those of another.<sup>78</sup> A report prepared by Jawaharlal and Mohanlal Saxena on "terrorism" in Sitapur avoided any reference to *zamindari* oppression and laid stress on the oppression of the Court of Wards only, whereas three-fourths of the area visited by them was under *zamindari* or *talugdari* tenure and only a quarter was under the Court of Wards.<sup>80</sup> Was it that the office bearers of the Sitapur District Congress Committee were *zamindars*? Must their tyranny be ignored?<sup>81</sup> The leaders of the non-cooperation movement hoped to secure the support of the landed aristocracy for embarrassing the government in case the Oudh Rent Bill was passed on lines which safeguarded tenants' interests.<sup>82</sup>

Ram Chandra's removal from the scene and the subsequent arrest of all rural leaders left the non-cooperators free to establish their monopoly in the field. The "credulous peasantry" was led to believe that the Congress stood for the immediate redressal of their grievances but not even a "feeble voice" was raised in their favour from the Congress platform. The *kisan sabha* movement began with anti-feudal plank drawing its nourishment from the oppressive practices of the landed aristocracy. It formulated its demands chiefly around economic grievances. The non-cooperation programme of the nationalist leadership imparted an anti-imperialist colour to the anti-feudal struggles of the peasantry. On the positive side, the Indian National Congress linked up its immediate demands with political demands and succeeded in raising the consciousness of the exploited strata from local grievances to political grievances. The Congress unleashed a great political ferment among the peasantry and linked the rural mass with the anti-British nationalist movement by deepening anti-imperialist consciousness. Negatively, the Congress prevented the peasantry from organizing its struggles that would have transgressed the limits of moderate reformism and taken them to revolutionary militant class struggle.

The dichotomy between the two movements became apparent very soon. The "village India" wanted and urged the "urban India" to adopt a programme of economic emancipation along with political freedom, while the latter continued to preach that the economic ills could be cured only on the attainment of *swaraj*. The Congress Working Committee which met at Bardoli in February 1922 assured the *zamindars* that the Congress move-

ment was "in no way intended to attack their legal rights." It declared that the withholding of rents by the ryots was contrary to the Congress resolutions and "injurious to the best interest of the country."<sup>83</sup> A careful study of the Bardoli resolution would reveal that it was not an abstract question of non-violence which alone actuated its movers. Not less than three clauses of the resolution dealt specifically with the necessity of the payment of rent by the peasants to the landlords or government. The non-payment of rent could hardly be construed as a "violent" action. It, therefore, cannot be understood why a resolution condemning violence should emphasize the question of the non-payment of rent and the "legal rights" of the landlords. M N Roy and Evelyn Roy wrote that Gandhi had "perhaps unconsciously sacrificed the Non-Cooperation movement on the twin altars of landlordism and industrialism."<sup>84</sup>

### *Untenable Apologia*

The apologists for the pro-landlord bias of the Congress leadership delude themselves by stating that the promotion of "anti-feudal revolution with the slogan of land to the tiller" would have "thrown the landlords, big as well as small, into the 'lap' of imperialism."<sup>85</sup> For those who were brought up in the imperialist "cradle", as the landlords were, the question of their being thrown into the imperialist "lap" did not arise at all. This view also ignores the dependence of the Congress leadership for funds and social support on the landlords and capitalists with whom they shared common culture and class interests. The faulty strategy and class interests of the Congress leadership explain why it hesitated to formulate an anti-landlord approach and sacrificed the economic interests of the multitudinous peasantry, and promoted the so-called "national integration" at the "unilateral cost" of the peasantry.<sup>86</sup> The non-cooperation movement (1920-1921) was withdrawn precisely at the moment when it was to embrace the next logical step enunciated in the programme, namely, the no-rent campaign, as pressure from the bottom was mounting for its implementation. When the Andhras in Guntur opted for a "no rent" campaign, Gandhi warned that "they must know that the responsibility will be entirely theirs for any mishap that may occur".<sup>87</sup> He condemned the Bhil peasants for the same.<sup>88</sup> Similarly, it was not possible for Gandhi "to ignore letters received from zamindars and others informing" him "of the violent temperament and ignorant lawlessness in the United Provinces."<sup>89</sup>

The Liberal Party's attitude towards the agrarian question

in Oudh had been declared as one of strict impartiality with respect to the rights and privileges both of the peasants and landlords. The Lucknow Liberal League had resolved the Munshiganj firing as unjustified.<sup>90</sup> When the question of the amendment to the Oudh Rent Act came up the Liberals were perturbed that the proposed bill took away more than what it intended to bestow on the Oudh peasantry. Disregarding their long tradition of indifference towards rural masses, they came forward, both inside and outside the council, to champion the tenants' cause. Inside the council they vehemently opposed the anti-peasant provisions of the bill, and outside, educated the peasantry by means of organizing village meetings and distribution of leaflets and pamphlets highlighting the merits and demerits of the bill. Despite their known history and approaches of moderation, they attacked feudalism in a language which very few Congressmen of the radical brand could have dreamt of.<sup>91</sup>

### *Failure of the Liberals*

They were accused by the landlords of advocating "class warfare" in the name of "moderation" and "liberalism". The peasant question created a gulf between the Liberals and the landlords.<sup>92</sup> Curiously enough, the Congress and its non-cooperating soldiers also castigated the attempts of the Liberal League to penetrate the villages. They were hardly prepared to allow rivals to obtain even a foothold in the countryside. The propagators of non-violence even went to the length of disturbing the meetings organized by the Liberals in Lucknow and Sitapur districts.<sup>93</sup> In Bara Banki, the Congressmen declared by beat of drum that the *kisans* should boycott the meeting scheduled to be addressed by Kunzru, for the Liberals were trying to create ill-will between the *kisans* and *zamindars*. The Liberals failed to endear themselves to the peasant masses. Their old reputation of moderation, strict constitutional approach, lack of faith in mass movement and, above all, the propaganda of the Congressmen stood in their way. All the same, the brief interlude of the peasant advocacy and of their cause by the Liberals constituted an important page in the historiography of peasants and their problems.

Gandhi, with his slogan of "swaraj in one year", succeeded in galvanizing the masses into unprecedented political activity. His programme of non-cooperation came at a time when the peasantry, seething with discontent under feudal oppression, had already launched its struggles against their oppressors. Its struggles took rapid strides and transcended the limits imposed by the

Gandhian leadership. The peasantry cried for a more dynamic, more militant, more revolutionary programme, tactics as well as leadership capable of harnessing its energies on uncompromising, revolutionary lines of class struggle.

The growth of the peasant movement was arrested by the nationalists who wavered at the spontaneous impulses of the peasant leadership. The nationalist leadership prevented the masses from taking recourse to any potential revolutionary activity and allowed itself to buttress the class interest of the bourgeoisie and landed aristocracy. It may sound too harsh to many that a major cause of the death of the peasant movement was the nationalist betrayal. The nationalists had their own limitations. Their class character deterred them from going beyond the boundaries of their class. "My politics", accepted Jawaharlal Nehru, "had been those of *my class, the bourgeoisie*," and "I was *thrown almost without any will of my own* into contact with the peasantry."<sup>96</sup> The elder Nehru was more concerned with his money and its investment. In the midst of non-cooperation movement he sought the advice of his great friend Harcourt Butler, the chief agent of imperialism in UP, whether "to sink a large sum of money in buying new machinery for his press." Butler "told him as an old friend that every issue of his paper went straight to my legal advisor and the first time we could pounce on him we should do so and try to break his press." Motilal thanked Butler for his frankness as the latter had replied what "he exactly wanted to know" and told Butler that "he would not purchase the machinery."<sup>96</sup> Also, Motilal Nehru confessed that it was "largely owing to the ceaseless efforts of the non-cooperators that the *kisan* movement had been kept in hand."<sup>97</sup>

The Indian National Congress did not evolve a broad-based agrarian programme. It did not favour launching of a mass anti-feudal struggle of peasants for a revolutionary socio-economic transformation of rural India. To a peasantry interested in a more decisive and militant struggle against colonialism and feudalism, it offered an ameliorative programme of self-help in the name of constructive programme. The most important function of the constructive programme was that of "tension management",<sup>98</sup> or providing an outlet to the heat generated by class tension and antagonisms. Gandhi sought to maintain ties with the rural classes for "political mobilisation" in the name of nationalism and at the same time kept landlords in good humour by assuring protection of their basic rights. The struggles of the Oudh peasantry played a significant role in weakening the foundation of colonial

feudal structure in British India but the bourgeois intelligentsia never hesitated to use and exploit the peasant movement for the attainment of their political aim disregarding the peasants' demand of economic freedom from the feudal yoke. The peasant militancy, it has to be admitted, without the consistent leadership of a revolutionary class, can neither hold on its own for a long time nor can it effect restructuring of society on a revolutionary path. And that class could be only the working class, but the working class itself was hardly organized at the time.

- <sup>1</sup> Kathleen Gough and Hari P Sharma (eds), *Imperialism and Revolution in South Asia*, New York; Eric Wolf "On Peasant Rebellions", *International Social Science Journal* Vol XXI No 2, 1969; NG Ranga, *Revolutionary Peasants*, New Delhi, 1949; L Natarajan, *Peasant Uprisings in India*.
- <sup>2</sup> Some of the early revolts are of the Adivasi peasants; Santhal uprisings; Indigo uprisings in Bengal and Bihar; uprisings in Pabna and Bogra; Maratha uprisings; Birsa Movement; Moplah uprising 1876-1896. See Shiva Kumar, *Peasantry and the Indian National Movement 1919-1933*, Meerut, 1979, pp 19-39.
- <sup>3</sup> Even the Montford report admitted that the Bolshevik revolution gave an "impetus to Indian political consciousness"; *Report on Indian Constitutional Reforms*, London, 1918, p 21. For a more detailed study of the impact both of Russia's 1905 revolution and that of 1917, see K Antonova and others, *A History of India*, Moscow, 1978, Book 2, pp 129-130 and 155-158.
- <sup>4</sup> H.H Butts, *Report of the Land Revenue Settlement of the Lucknow District*, Lucknow, 1873 p 76.
- <sup>5</sup> Antonio Gramsci, *Selections from the Prison Notebooks*, New York, 1978, pp 54-55. Emphasis added.
- <sup>6</sup> Mao Zedong, *Selected Works*, Vol 1, Bombay, 1954, p 22.
- <sup>7</sup> H C Irwin, *The Garden of India*, London, 1880, p 4.
- <sup>8</sup> "Report of an Informal Committee, Allahabad, 1918", in *The First Dispatch on Indian Constitutional Reforms*, Vol IV, NMML, New Delhi.
- <sup>9</sup> Revenue Administration Report of NWP and Oudh, 1905-06, File No. 45/1921, Revenue, UP State Archives (UPSA).
- <sup>10</sup> For details of *nazrana* and cesses, see Kapil Kumar, "Peasants' Movement in Oud 1918-22", thesis, Meerut University, 1979.
- <sup>11</sup> *Imperial Gazetteer of India*, Vol. III, *Economic*, Table I, p 472. The wages fluctuated between 2 paisa and 4 annas a day during 1918-1922. See *Abhudya* 3 July 1920; V N Mehta Report, F No 753/1920, UPSA, p 60.
- <sup>12</sup> Most of the landlords possessed judicial powers also.
- <sup>13</sup> *Oudh Revenue Administration Report, 1880-81*, pp 75-76. Harrington reported from Sultanpur district; "That rents have risen, are rising and will continue to rise enormously is a fact".
- <sup>14</sup> *Ibid.* A comparative account of the two inquiries made into indebtedness in Oudh (in 1868 and in 1878) is given.
- <sup>15</sup> Irwin, *op cit.*, p 15; E O Bradford, A H Harrington and W Blennglassett: Hardoi Settlement Report, Lucknow, 1880, p 49; Elizabeth Whitcombe, *Agrarian Condition in Northern India*, Vol 1. New Delhi 1971, p 200. The proprietary body continued to sink in the morass of debt, a fact that was to tell heavily on their tenantry. The loss of proprietary rights by coparcenary owners resulted in gains for the *talvqdars* whom S H Fremantle correctly described as the "principal buyers of the land in the district", *Rae Bareilly Settlement Report*, p 37.
- <sup>16</sup> Contractor or long term lease holder of land.
- <sup>17</sup> The prices of grain rose by 200 to 400 percent. *Settlement Reports of various districts*,



- K L Datta's *Report on the Enquiry into the Rise of Prices in India*, (5 vols), Calcutta, 1914, and *Prices and Wages in India*, published every year by the Government of India, reveal the fact of price rise.
- 18 The number of ploughs in the district of Sultanpur alone had risen from 106,900 (in 1870) to 141,600 (around 1900), see *Sultanpur Settlement Reports*, 1873 and 1898, p XXIV. *Mehta Report* indicates the adverse effect of man-land ratio on agrarian relations in Pratapgarh which, along with Rae Barcili, witnessed agrarian uprisings in 1920.
  - 19 Kapil Kumar, *op cit*, pp 75-79; P D Reeves, "The Politics of Order", *Journal of Asian Studies*, February 1966, p 262.
  - 20 SK Mittal and Kapil Kumar "Baba Ram Chandra and Peasant Upsurge in Oudh", *Social Scientist*, Vol 10, No 17, June 1978, p 38.
  - 21 *Ibid*, p 39.
  - 22 *Mehta Report*, p 4.
  - 23 MAI, Home-Political (Deposit) F No 75/ February 1920 and 49/ January 1920.
  - 24 *Ibid*, No 49, Note by the CID, U P, on the Kisan Sabha or Peasant Association.
  - 25 *Abhudya*, 26 January 1918, 7 February 1920.
  - 26 *Ibid*, 25 December 1920; M H Siddiqi, *Agrarian Unrest in North India*, New Delhi, 1978, p 127.
  - 27 *Congress Presidential Addresses 1911-34*, Madras, 1934, p 467.
  - 28 NAI Home-Political (Deposit) F No. 49/February 1920.
  - 29 *Report of the Indian National Congress 1919-20*, p 164.
  - 30 Motilal Nehru to Jawaharlal Nehru 14 June 1920, Jawaharlal Papers, Correspondence, Vol 65, S N 3836, NMML.
  - 31 *Abhudya*, 12 June 1920; *Bhavishya*, 17 June 1920.
  - 32 S K Mittal and Kapil Kumar, *op cit*, p 40.
  - 33 Jawaharlal Nehru, *Autobiography*, New Delhi, 1962, p 51.
  - 34 Hailey to Keane, 5 September 1920, 358/1923, police, UPSA. Also Ram Chandra Papers, NMML.
  - 35 *Mehta Report*, p 3.
  - 36 *Abhudya*, 24 July 1920. G S Misra advised the *kisans*, after a meeting of the *taluqdars* and district officials, to pay customary cesses. He also supported the creation of "conciliation committees", *Mehta Report*, Exhibit U pp, 105.
  - 37 *Ibid*.
  - 38 Motilal's animus towards Malaviya is apparent from his letters to his son. He wrote, "... our only grievance is that while he (Gandhi) has evidently taken Shastri and Malaviya into his confidence he has severely left us alone", Motilal Nehru to Jawaharlal Nehru, 29 February 1920 and "... his (Gandhi's) constant association and general agreement with Malaviya are no good omens for our party" 27 February 1920, *A Bunch of Old Letters*, Bombay, 1958, pp 6-7.
  - 39 M H Siddiqi, *op cit*, P 143.
  - 40 Ram Chandra Papers, NMML; SK Mittal and Kapil Kumar, *op cit*, P 48.
  - 41 Ram Chandra's Manuscript Diary, No 5, p 16, Ram Chandra Papers, NMML.
  - 42 NAI, Home-Political, F No.87/1921, 10 February 1921, vide speech at Fyzabad.
  - 43 C I D records, Lucknow; See Kapil Kumar, *op cit*, pp 196-199.
  - 44 For details on Raj Kumar Sukul, see S K Mittal and Krishna Dutt, "Raj Kumar Sukul and Peasant Upsurge in Champaran", *Social Scientist*, No 45, April 1976.
  - 45 *Leader*, 23 September 1920; *Mehta Report*, p 3; Ram Chandra Papers part I, NMML.
  - 46 *Independent*, 15 June 1920.
  - 47 *Leader*, 7 December 1920.
  - 48 *Ibid*. There is no evidence to point out the agenda of this private meeting. It may be assumed that Gandhi must have assured his *taluqdar* friends that his movement was not directed against them. This is proved by his later utterances.
  - 49 Shaukat Ali to Abdul Bari, 14 January 1921, F No. 50-3/1921, General, U P S A.
  - 50 S K Mittal and Kapil Kumar, *op cit*, p 47.

- 61 Abdul Bari to Mohammed Ali, 13 January 1921, F No 50-3/1921, General, U P S A.
- 62 Commissioner, Fyzabad, to the Chief Secretary to the Government of U P, 14 January 1921, F No 50/1921, Gen, U P S A.
- 63 Kapil Kumar, *op cit*, pp 172-174.
- 64 F No 1/February 1921, Home Political Deposit, NAI, p 39.
- 65 Gandhi's speech at Fyzabad, *op cit*.
- 66 F No 75/ January 1921, Home Political Deposit, NAI, p 8.
- 67 For Gandhi's attitude towards Oudh peasantry, also see Walter Hauser, "The Indian National Congress and Land Policy in the Twentieth Century", *The Indian Economic and Social History Review*, Vol I, No 1, July-September 1963, p 58; W F Crawley, "Kisan Sabhas and Agrarian Revolt in the U P", *Modern Asian Studies*, Vol I, No 4, 1974, p 479.
- 68 Gandhi's speech at Fyzabad, *op cit*. Emphasis added.
- 69 Notes written by Gandhi at Anand Bhawan on 18 May 1921, *Collected Works*, Vol XX, p 106. Emphasis added.
- 70 *Young India*, 9 March 1921; *Independent*, 16 February 1921.
- 71 *Collected Works*, Vol XX, pp 105-106.
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*DILIP S SWAMY*

## *Land and Credit Reforms in India*

### PART TWO

THE desirability of land redistribution is underscored by several government and semi-government agencies in India. But there has been almost a total failure of the government in this regard. The Planning Commission and the Raj Krishna Committee on land reforms have pointed out that on 3 July 1977, the total "estimated surplus area" (by state governments) in the country was only 5.39 million acres (against the Planning Commission's estimate of 21.5 million acres), the area "declared surplus" was 4.04 million acres, the area "taken over" by the government 2.10 million acres, and the area actually distributed just 1.29 million acres to 0.88 million beneficiaries.<sup>1</sup>

The absence of policy-induced change in the ownership of agricultural landholdings is clearly revealed by a comparison of the distribution of land in 1954-55, 1960-61 and 1970-71. Table I shows the distribution of households and area owned by them arranged in three size classes—poor peasants, small farmers and the well-to-do farmers. The wealthiest class of farmers, including those affected by the ceiling laws, owned 67 percent of total area in 1954-55. The area owned by this class declined to 61 percent in 1960-61 and 54 percent of the total area in 1970-71. This is commensurate with the growth in rural households. According to the

TABLE I  
CHANGES IN OWNERSHIP PATTERN OF AGRICULTURAL HOLDINGS IN INDIA

Size class (acres)	(per cent)					
	1954-55		1960-61		1970-71	
	House-holds	Area owned	House-holds	Area owned	House-holds	Area owned
	(1)	(2)	(3)	(4)	(5)	(6)
Upto 2.5	61.24	6.23	60.59	7.32	69.56	9.92
2.5-10.0	25.99	28.49	27.28	31.52	22.32	36.24
Over 10.0	12.77	65.28	12.13	61.16	8.12	53.84

SOURCE : 1954-55: National Sample Survey (NSS), 8th Round, No 30.

1960-61: NSS, 16th Round, No 159.

1970-71: NSS, 26th Round, No 215.

National Sample Surveys (NSS) there was a 13 percent increase in rural households from 69.5 millions in 1960-61 to 78.4 millions in 1970-71. This increase in the number of households reduced the size of ownership holdings in all classes. As a result, some households from the lower echelons of the well-to-do class fell into the category of small peasants. The forced exit of these farmers meant a reduction in area owned by the well-to-do class, on the one hand, and a corresponding increase in area held by the small farmers and poor peasants, on the other. From 1960-61 to 1970-71 the former lost and the latter gained less than 13 percent of agricultural land area. This transfer of area owned by the well-to-do class cannot be attributed to the implementation of land reform policies.

The land reforms policy in India is in the nature of pacifying gestures of the ruling class to peasant revolts. When peasant rebellion is on the high tide, meetings are convened by the government (and the ruling party) to press for progressive legislation (and policy resolutions) with the least intention of implementing them. As soon as the peasants are pacified in the hope of getting some benefits, the government gradually but surely dilutes the "progressiveness" of its own intentions and laws. This cycle restarts with a fresh peasant revolt.

This cyclical behaviour of land reform legislations can be illustrated by a historical review of the agricultural ceilings laws. Immediately after India's independence, the Congress Agrarian Reforms Committee (also known as the Kumarappa Committee) advocated a ceiling on the size of holdings to be three times the size of an economic holding. The latter was defined as a holding which would afford a reasonable standard of living to the cultivator and provide full employment to a family of normal

size and at least a pair of bullocks. In those days a holding of six to eight acres was considered to be an appropriate size of economic holding, which implied a ceiling at 18 to 24 acres of land. In 1953, when the memories of the Telengana movement were fresh, the All India Congress Committee resolved in its Agra session that "the State Governments should take immediate steps in regard to the collection of requisite land data and fixation of ceilings on land holdings, with a view to redistribute the land as far as possible, among landless workers."<sup>2</sup> By 1955, the Telengana movement had been successfully suppressed. Therefore, the Nanda panel of the Planning Commission could afford to soft-pedal the ceiling legislation.

The panel suggested the level of ceiling at three times the family holding for an average family of five with provision of one additional family holding for every additional member upto a maximum of six family holdings. The size of family holding was to be fixed at a level so as to assure a net income of Rs 1,600 per year. At that time, only a farm of 10-12 acres could generate the required income so that the size range of the optimum holding was 30 to 72 acres. Besides, the panel suggested exemptions from the ceiling for sugarcane farms, orchards, plantations, special farms, efficient farms, and mechanized farms. During the second five-year plan period, states were asked to further define the size of family holding and the *status quo* continued upto 1969.

### *Provisions Diluted*

The government woke up in November 1969 when the Naxalbari movement got a momentum, and a conference of the Chief Ministers was convened which emphasized the need for of central body for watching the progress on land reform. Accordingly a central land reforms committee was set up in 1970. The committee suggested the ceiling for a family of five members to be fixed within the range of 10 to 18 acres of perennially irrigated, double cropped land and at 54 acres of dry land. Exemptions in the existing state laws in favour of mechanized farms and well managed farms were to be withdrawn. In 1972 when the dust of Naxalari had settled, the Chief Ministers' conference on ceiling on agricultural holdings reiterated to be fixed at 10-18 acres of irrigated double cropped lands, but allowance was made for land irrigated from private sources and capable of growing at least two crops in a year by equating 1.25 acres of such land with one acre of land irrigated from public source and capable of growing at least two crops in a year."<sup>3</sup> Family was defined to include only minor

children; every major son was to be treated as a separate unit for the purpose of application of ceiling. Exemptions from the ceiling were allowed for plantations, land held by industrial or commercial undertakings for non-agricultural purposes, agricultural universities and so on. The exemptions in the case of sugarcane farms and orchards disallowed by the 1970 conference were again restored though in a diluted form by the 1972 conference. Sugarcane factories were permitted to retain upto 100 acres of land for research and development and the existing orchards were to be treated as dry land exempt from ceiling upto 54 acres.

Thus, 30 years after independence ceiling on big land-holdings has remained a nebulous item in the scheme of agrarian reforms. As evident from Table II, ceiling legislations were passed in most states around 1973 to be applicable with retrospective effect from 1970 or 1971. Most of the state governments set the ceiling too high with a very wide range on the basis of individual

TABLE II  
STATE-WISE LEGISLATION ON CEILING ON HOLDINGS

<i>State</i>	<i>Level of ceiling (acres)</i>	<i>Unit of application</i>	<i>Date of effectiveness</i>
Andhra Pradesh (1973)	27-324	Individual	24 Jan 1971
Assam (1956, 1972 <sup>a</sup> )	50	Individual	1 April 1970
Bihar (1973)	24-72	Individual	22 Oct 1959
Gujarat (1960, 1974 <sup>a</sup> )	10-132	Family	24 Jan 1971
Haryana (1972, 1973 <sup>a</sup> )	30-60	Family	24 Jan 1971
Himachal Pradesh (1972)	30-125	Family	24 Jan 1971
Jammu and Kashmir (1972)	22.75	Family	1 Sept 1971
Karnataka (1961, 1974 <sup>a</sup> )	10-20	Family	24 Jan 1971
Kerala (1963, 1972 <sup>a</sup> )	15-37.5	Family	24 Jan 1971
Madhya Pradesh (1960, 1974 <sup>a</sup> )	25	Family	24 Jan 1971
Maharashtra (1961, 1971 <sup>a</sup> )	18-48	Family	15 April 1971
Orissa (1960, 1974 <sup>a</sup> )	20-80	Individual	26 Sept 1970
Punjab (1972, 1973 <sup>a</sup> )	30-60	Individual	24 Jan 1971
Rajasthan (1973)	22-336	Family	26 Sept 1971
Tamil Nadu (1961, 1972 <sup>a</sup> )	30-120	Family	15 Feb 1970
Uttar Pradesh (1960, 1973 <sup>a</sup> )	40-80	Individual	24 Jan 1971
West Bengal (1955, 1972) <sup>a</sup>	25	Individual	7 Aug 1969

SOURCE: *National Commission of Agriculture* (1976), pp 72-144.

NOTE: a=amended.

holder as a unit. This implies that the operative ceilings were very high. For instance, in the case of Andhra Pradesh the operative ceilings was 1, 620 acres, in Maharashtra 620 acres, in Punjab 300 acres.

The National Commission on Agriculture discovered that these legislative measures had "48 loopholes which were taken advantage of by the bigger landed interests to circumvent the laws. Besides, the implementation of these laws was extremely unsatisfactory . . . In anticipation of ceilings, the big landholders resorted to partitioning of their holdings and fictitiously transferring them in pieces to other individuals through what is called 'benami' transfers on a large scale." <sup>4</sup>

There was dismal failure to implement land reforms in spite of the Prime Minister's serious concern at the Chief Ministers' conference in 1970, where Indira Gandhi declared that "land reform is the most crucial test which our political system must pass in order to survive". The Task Force report (1973) admitted that "in no sphere of public activity in our country since independence has the hiatus between precept and practice, between policy pronouncement and its actual execution been as great as in the domain of land reforms."<sup>5</sup> The report suggested in all seriousness "a certain degree of politicisation of the poor peasantry on militant lines". But whenever and wherever peasants are organized for legislative-administrative action for conferring rights and privileges on land, they are mercilessly repressed by landlords with the connivance of the state government officials. The atrocities in Bajitpur (Bihar) on 15 November 1978 are one recent example of the intolerance of the peasants' rights on the land they cultivate.

The urgency with which the government views land reforms can be judged by the delay in giving presidential assent to the West Bengal Land Reforms (Amendment) Act of 1977. The lack of political will to effectively implement the ceiling laws or the pressure to dilute the provisions of existing laws in respect of land reform arises from the power structure obtaining in the country. The National Commission on Agriculture states "Anti-land reform or *status quo* elements are able to exercise considerable pulls and pressures on political parties as also on the organs of the State. Such elements see to it that the promise of reforms does not go beyond legislative enactments with certain inbuilt loopholes which permit large scale evasions, and that no basic changes in the structure of property rights in land are brought about."<sup>6</sup> The Raj Krishna Committee (1978) also mentions quite a few cases where loopholes have been left in the laws in favour of landlords. According to the Punjab Security of Land Tenures Act, 1953, and the PEPSU (Patiala and East Punjab States Union) Tenancy and Agricultural Lands Act, 1955, orchards and



well run farms were exempt from the application of ceilings. The ceiling law of 1972 sought to abolish this exemption. "But, due to an oversight, the former PEPSU area was not specifically referred to in this law. Therefore, orchards and well-run farms in the PEPSU area continued to be exempt from the ceiling laws".<sup>7</sup>

Similarly, in October 1955, the government of Rajasthan granted *khatedari* rights to tenants of lands surrounding the Rajasthan Canal project. But in 1958 the Rajasthan Tenancy Act was amended denying *khatedari* rights to tenants in the Rajasthan Canal area. These *khatedars* are big landlords who continue to own these lands till now because the Rajasthan High Court, by its judgement dated 18 July 1962, declared that the government's acquisition of *khatedari* rights under Section 15-A offended Article 31 (2) of the Constitution. Armed with this decision, *khatedars* of 0.47 million acres of land, which were taken possession of from the landlords and distributed among more than 60,000 landless persons, are now trying to evict the allottees. These allottees have already paid Rs 28.1 million out of the total price of Rs 548.2 millions for these lands. At the end of the second stage of the canal, 1.44 million acres of land are expected to become available if *khatedari* rights are cancelled. This land can be allotted to about 100,000 landless persons. Unless the Rajasthan Tenancy Act, as amended in 1958, is given full protection under the Constitution, this legal hurdle will continue to adversely affect the present poor cultivators.<sup>8</sup>

### *Reform Laws Flouted*

It is rather strange that since 1949 Indian policy makers have been fighting legal battles against the big landlords while the latter have been apparently flouting almost all land reform laws with impunity. Large numbers of cases are still pending in courts throughout India. The Raj Krishna Committee has suggested that the revenue machinery dealing with land reform cases should be expanded to clear all pending land reform cases. One wonders whether the expanded revenue machinery will only create more hurdles for the landless, instead of lessening them. Unless there are strict directives from the top and exemplary punishment meted out for not completing the assigned tasks within the time limits, the expanded revenue machinery may mean elongation of procedures rather than efficiency in disposing of the pending cases.

Laws can provide the requisite conditions for an atmosphere in which the tenant could feel more confident, the landlord less recalcitrant, the administration more effective and the courts

more sympathetic towards the tenant class.<sup>9</sup> But unless small peasants are organized, the laws by themselves are not sufficient to ensure "redistributive reforms". For the same reason a strong political will, usually defined as *concentrated political power*, is necessary but not sufficient for redistribution of land.

The role of the organized struggle of the peasantry and the exercise of political will is illustrated by contrasting reform response in Maharashtra and Kerala.<sup>11</sup> In Maharashtra, despite a strong cohesive party symbolizing the powerful "political will", it was not possible to seriously attempt agrarian transformation in the 1970s. But Kerala's fiercely competing, sometimes dividing, parties could successfully legislate and implement some land reform policies. These contrasting results can be explained by the difference in peasant organizations and socio-economic environment in the two states: In Kerala, the rural economy was stagnant and sharecroppers and labourers were organized in strong unions. The political strength of rural workers could force the state government to bring about agrarian transformation. The class struggle was harnessed for land reforms. In contrast, Maharashtra's economy was expanding. Her land tenure structure contained a relatively undifferentiated owner-operator class and a large minority of unorganized, insecure labourers. The state government protected and favoured owner-cultivators, who constituted about half the rural population and, therefore, an important political base of the ruling party. The landless labourers were absorbed, or expected to be absorbed, in expanding industries and rural development projects. Therefore, demands in Maharashtra were for localized facility and subsidies. Class consciousness got diffused due to expansion. And the essence of land reform was never redistribution but rather enlarging ownership.

The necessity of politicizing rural peasantry for redistribution is generally recognized. But the questions are: Who will politicize the peasantry and how? Is effective redistribution of land possible within the existing framework? The "Communist strategy" in Kerala created a competing, elective, reforming system. Will this reformist expression of class conflict remain unaltered in other states when their peasants are politicized?

This leads us to examine the significance of non-implementation of land reform laws. Land is a crucial power resource in Parsonian terms within the rural economy. The rural elites preserve and extend their power by utilizing land base to coopt new opportunities which arise from time to time. This is particularly evident from the dynamics of translating land base into credit tenure.

The rules of institutional credit are generally based on mortgage security, tied to ownership of land. Consequently, rights in land become potentially transferable to rights in credit, and the latter means access to additional productive opportunities. Thus, the prevailing system of land ownership tends to be reproduced as a hierarchy of differential rights to institutional credit resulting in increased disparities in wealth and security.

The committee on cooperative credit reported in 1963 that in practice "the finance provided by the cooperatives was mostly on mortgage security, and right in land remains the most important consideration taken into account".<sup>13</sup> The poor peasants were generally excluded from cooperatives on the basis of landlessness (as in Saurashtra where only land owners were allowed membership of cooperative societies),<sup>13</sup> caste (as in Uttar Pradesh where landowners boycotted the society altogether, leaving only low caste Chamars without resources as members, resulting in the failure of the society), elections to the managing committees (as in Baroda where only landowners and Patels were elected who preferred to lend to owners of land), quick disbursal of short-term credit to a select few (as in Maharashtra, where 11 members obtained half of Rs 191,677 and the other half was extended to 142 members), using the tactic of "prevent or dominate" (as in Mysore, where the *Mukhyastaru*—"all-in-alls"—at first opposed the cooperatives as a threat to their moneylending interest, but when opposition failed they entered the cooperatives and dominated them) or on the basis of pledgeable security (as in Madras and Mysore where land was considered to be the most preferred security).<sup>14</sup>

### *Weighted Against Small Farmers*

The cooperative credit system makes two important distinctions in deciding the tenure of credit: how the land is held and how much land is held. This implies that 1) tenants are less likely than landowners to be members of a cooperative, 2) small landowners are less likely than large owners to be members and 3) small holders in cooperatives are less likely to receive loans and the cooperatives will meet a smaller proportion of their total credit needs compared to large owners.

Land mortgage (development) banks (LDB) provide intermediate and long term credit to agriculture. Long term credit is generally meant for land improvement and therefore restricted to cultivators with ownership rights in land. Credit limits are related to the amount of land revenue paid, or the amount of share capital held (in the bank) by the cultivator, or the personal securi-

ties. In the first case credit is directly linked with the amount of land controlled.<sup>15</sup> In the second case, credit gets indirectly related to land because ability to purchase shares depends upon how much land of what kind one holds and on what terms. In the third case, usually the sureties are among the owners of land.<sup>16</sup> Although the formal criteria for determining the amount of LDB loan are: 1) cost of the project; 2) profitability of the investment and repayment capacity of the borrower, and 3) value of the security offered, the working rules stress the last criterion, often to the exclusion of the other two.<sup>17</sup>

Rules for medium term loans are also related to land ownership. This type of credit is advanced against land mortgage and the condition is generally imposed that it should be usufructuary mortgage of defined minimum duration. Mortgage requirement denies credit to tenants who have heritable but not alienable rights in land, as well as to other inferior classes of tenure. In several regions the land owners without full possession of land cannot get LDB loans. In Madhya Pradesh, "no loan can be advanced to an applicant who may have title but is not in actual possession of the land."<sup>18</sup> In Gujarat and Maharashtra, land with tenant is considered to be a legal problem and hence banks strongly discourage such loan applications.<sup>19</sup> Thus, the land mortgage security system excludes from the medium and long term credit market a large number of real producers, who do not own land and confers credit according to the quantity of land owned.

### *Taccavi Loans*

Conditions are not materially different in the case of *taccavi* government loans. Land ownership is the primary, formal-legal basis for granting *taccavi* loans. Credit limits of *taccavi* loans also are set according to the amount of land owned by a cultivator. For instance, in Uttar Pradesh, limits were set at 60 times the land revenue for *bhumidari* tenure, 10 times for *sirdari*, twice the rent for *adivasi* and equal to rent for *asami*.<sup>20</sup> Tenants without legal status, such as *sajhis*, are thus formally excluded from consideration.

Thus, in all cases, the criteria for deciding creditworthiness and the rules for setting loan limits translate the tenure hierarchy into differential credit rights. This is also confirmed by several rural credit surveys conducted by the Reserve Bank of India.

Table III shows that 19 percent of cultivating households operate more than 10 acres of land, while 20 percent have assets exceeding Rs 20,000. Similarly, differences in other size groups are also not substantial. Land being the dominant and principal

TABLE III

DISTRIBUTION OF CULTIVATORS ACCORDING TO ASSET GROUP AND  
HOLDING SIZES (Percent)

<i>Asset groups (Rs)</i>	<i>Households according to asset groups (1)</i>	<i>Households according to holding sizes (2)</i>	<i>Sizes of operational holdings (acres)</i>
0-2,500	36.7	31.67	0-2.5
2,500-20,000	43.4	49.81	2.5-10.0
20,000 and above	19.9	18.59	10 acres and above

SOURCE: *All India Rural Debt and Investment Survey* (1975), Vol I, Table-1

asset in rural areas it is reasonable to believe that one distribution maps into the other.<sup>21</sup>

Now, Table IV shows that 15 percent of the total rural credit is used by the bottom 37 percent of cultivating households, owning assets upto Rs 2,500 and 48.3 percent of the total credit is used by the top 20 percent of households having assets of Rs 20,000

TABLE IV

DISTRIBUTION OF RURAL HOUSEHOLDS AND DEBT  
ALL INDIA (As on 30 JUNE 1971)

<i>Asset groups (Rs)</i>	<i>Cultivators</i>			<i>All Rural Households</i>		
	<i>Percent- age of house- holds (1)</i>	<i>Percent- age of dues out- standing (2)</i>	<i>Total dues (Rs crores) (3)</i>	<i>Percent- age of house- holds (4)</i>	<i>Percentage of dues outstanding (5)</i>	<i>Total dues (Rs crores) (6)</i>
0- 5,000	36.7	15.0	507	51.3	21.5	828
5000-20,000	43.4	36.7	1241	33.8	34.9	1343
20000 and above	19.9	48.3	1626	14.9	43.6	1677
Total	100.0	100.0	3374	100.0	100.0	3848

SOURCE: *All-India Debt and Investment Survey (1971-72): Indebtedness of Rural Households and Availability of Institutional Finance*, Reserve Bank of India, Bombay, 1972, Table-4, p 10.

or more. The allocation of credit by institutional agencies is shown in Table V. It is revealed that 5.7 percent of total institutional credit is obtained by the poorest 37 percent of cultivators (producers) while 66 percent of the total credit is used by the top 20 percent of cultivators.

Among institutions, commercial banks display the most unequal distribution of credit: the top group is given 84 percent and the bottom group only 1.6 percent of the bank credit. Cooperative societies have advanced 4.6 percent of their total loans to the poor cultivators. The position with regard to government loans is

TABLE V

CASH DEBT OF CULTIVATOR HOUSEHOLDS ACCORDING TO INSTITUTIONAL/  
NON-INSTITUTIONAL AGENCIES—ALL INDIA (AS ON 30 JUNE 1971)

<i>Asset groups</i>	<i>Institutional agencies</i>		<i>Non-institutional agencies</i>		<i>Total</i>	
	<i>Amount (Rs. crores)</i>	<i>Percentage to total</i>	<i>Amount (Rs. crores)</i>	<i>Percentage to total</i>	<i>Amount (Rs. crores)</i>	<i>Percentage to total</i>
	(1)	(2)	(3)	(4)	(5)	(6)
0-5000	59	5.7	415	18.5	474	14.4
5000-20000	298	28.6	905	40.3	1203	36.6
20000 and above	687	65.7	925	41.2	1613	49.0
Total	1044	100.0	2245	100.0	3290	100.0

SOURCE: As in Table IV, p. 57.

not substantially different; the poorest cultivators have got 10 percent and the wealthiest 55 percent of the total government credit (Table VI).

Institutional preference in the credit market can be measured by the ratio of percentage of loans advanced to a given class of cultivators to the percentage of total cultivators represented by that class.<sup>22</sup> If an institution favoured no particular class, we would expect the ratio to be one (for example, if the poor cultivators constituted 37 percent of the households and received 37 percent of the loans granted) and we could conclude that the institution manifests no classwise operational preference in granting loans. A ratio greater than one suggests over-representation of a class; a ratio less than one, underrepresentation. Table VII presents the results for six kinds of loans used by the cultivators.

TABLE VII

INSTITUTIONAL: PREFERENCE RATIO OF PERCENTAGE OF LOANS RECEIVED TO  
PERCENTAGE OF ALL CULTIVATORS

<i>Credit Agencies</i>	<i>Asset groups (Rs)</i>		
	<i>0-5,000</i>	<i>5,000-20,000</i>	<i>20,000 and above</i>
	(1)	(2)	(3)
Government	0.28	0.79	2.78
Cooperatives	0.13	0.65	3.38
Commercial banks	0.04	0.33	4.22
Landlords	0.64	0.91	1.87
Moneylenders	0.49	0.96	2.05
Traders	0.51	0.85	2.23
All	0.47	0.91	2.18

SOURCE: Based on Table VI

TABLE VI

CASH DEBT OF CULTIVATOR HOUSEHOLDS AGAINST DIFFERENT AGENCIES — ALL INDIA (As on 30 JUNE, 1971)

Asset groups (Rs)	Government		Cooperative societies/ cooperative bank		Commercial banks		Landlords		Moneylender		Traders		Relatives/ friends	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
0 - 5000	24	10.2	33	4.6	1	1.6	62	23.4	211	17.8	52	18.8	75	17.3
5000 - 20000	81	34.5	204	28.1	11	14.4	105	39.3	493	41.5	101	36.8	169	39.3
20000 and above	130	55.3	488	67.3	66	84.0	99	37.3	484	40.7	122	44.4	187	43.4
Total	235	100.0	725	100.0	78	100.0	266	100.0	1188	100.0	275	100.0	431	100.0

SOURCE: As in Table IV, pp, 53-55.

NOTE : (A) = Amount (Rs crores).  
(B) = Percentage share.

The conclusions drawn from Table VII are clear: 1) all credit agencies prefer the wealthy cultivators; 2) commercial banks' preference for cultivators with assets more than Rs 20,000 is the highest of all the credit agencies; 3) there is no evidence that government agencies and cooperative societies prefer poor cultivators in allocating rural credit.

The question of institutional adequacy is clearly related to the phenomenon of institutional preferences. Table VIII shows for each class the percentages of total borrowing supplied by different agencies. It turns out that 20 percent of total borrowings by the wealthiest class and only 7 percent of borrowings of the poorest class are supplied by cooperative societies.

TABLE VIII  
INSTITUTIONAL ADEQUACY  
PERCENTAGE OF TOTAL BORROWING SUPPLIED BY DIFFERENT AGENCIES

<i>Credit agencies</i>	<i>Asset groups (Rs)</i>			
	<i>0-5,000</i>	<i>5,000-20,000</i>	<i>20,000 and above</i>	<i>All Classes</i>
	(1)	(2)	(3)	(4)
Government	0.05	0.07	0.08	0.07
Cooperatives	0.07	0.17	0.30	0.22
Commercial banks	0.01	0.01	0.04	0.02
Landlords	0.13	0.09	0.06	0.08
Moneylenders	0.45	0.41	0.36	0.36
Traders	0.11	0.08	0.08	0.08
Relatives and friends	0.16	0.14	0.12	0.13
All	1.00	1.00	1.00	1.00

SOURCE: Based on Table VII

In any case, the net effect of land-based institutional credit system is to force the non-landed cultivator or small farmer back to the very institutions the credit cooperatives were meant to replace—the usurious moneylender or landlord. Another consequence of inadequacy of institutional credit is to severely hamper the productive activities of poor cultivators. Their credit requirements per acre are much bigger than those of wealthy cultivators because of the greater intensity of land use (crop intensity), but credit available to them is much lower. It is clear that the institutional preferences as determined by land-based criteria of creditworthiness are against poor cultivators. Moreover, they have deficit budgets due to low income so that borrowings become necessary to maintain the family. Thus, inadequate credits mostly used up for household expenditure. Tables IX and X confirm this. The poor cultivating class uses a higher percentage of their total debt for



household expenditures and a lower percentage for capital expenses, compared to wealthy farmers.

TABLE IX  
PURPOSEWISE CREDIT REQUIREMENT BY DIFFERENT CLASSES OF CULTIVATORS  
(As on 30 JUNE 1971)

<i>Asset groups (Rs)</i>	<i>Fixed capital expenditure</i>	<i>Working capital expenditure</i>	<i>Household expenditure</i>	<i>Others</i>	<i>Total</i>
	(1)	(2)	(3)	(4)	(5)
0- 5,000	19.0	10.6	61.0	9.4	100.0
5,000-20,000	32.6	14.8	44.8	7.8	100.0
20,000 and above	52.9	19.0	25.7	2.4	100.0

SOURCE : Based on Table VI I

The weakness of poor cultivators in credit-investment interactions implies a higher rate of disinvestment, sale of assets or new borrowing simply to repay outstanding debts and hence limited ability to invest in productive ways.

The consequence of the inequalities of land ownership and land-based credit system on rural capital formation can be tested using the 1961-62 information because the class-wise estimates of capital formation in rural India for 1970-71 are not available. Table XI shows the distribution of cultivating households, their assets and capital formation according to asset groups in 1961-62. It turns out that cultivators with assets more than Rs 20,000 per household constituted only 6.4 percent of the cultivating families in 1961-62, but owned 38.1 percent of all recorded assets and made 45 percent of the fixed investment in farm business (out of a total investment of Rs 165 crores) and 46 percent of that in non-farm business (out of a total of Rs 22 crores). This indicates that new capital formation in farm as well as non-farm business is more concentrated than ownership of existing assets, that is, the wealthiest group augmented their earning capacity more than proportionate to their superior position in the asset hierarchy.

The rural credit surveys in the 1950s revealed that larger landowners were far more active and successful in land markets and in capital formation because with superior access to land and control of surplus from the land they were in a superior position to augment their land resources, whether by purchase, development of new land, or making land-augmenting new capital improvements. This ability was reinforced during the 1960s. During this decade the government created infrastructure in agriculture which increased the value of land. Since no effective constraints

TABLE X

CASH DEBT OF CULTIVATING HOUSEHOLDS ACCORDING TO PURPOSE  
ALL-INDIA (As on June 30, 1971)

Asset groups (Rs)	Percentage of households	Fixed capital expenditure		Working capital		Household expenditure	Total debt
		On farm business	On nonfarm business	Farm and nonfarm business			
	(1)	(A) (2)	(B) (3)	(A) (4)	(B) (5)	(A) (6)	(B) (7)
0-5,000	36.7	79	6.9	11	10.6	50	9.4
5,000-20,000	43.4	356	31.2	36	34.6	178	33.3
20,000 and above	19.9	708	61.9	57	54.8	306	57.3
Total	100.0	1142	100.0	104	100.0	534	100.0

SOURCE: *All-India Debt and Investment Survey (1971-72), Indebtedness of Rural Households and Availability of Institutional Finance*, Reserve Bank of India, Bombay, 1977. Calculations are based on Table-3, pp.82-83.

NOTE: (A) = Amount (Rs crores).

(B) = Share in total.

TABLE XI

FIXED CAPITAL FORMATION BY CULTIVATORS  
ALL-INDIA, 1961-62 (IN PERCENT)

Asset groups	House-holds	Aggregate value of recorded assets	Aggregate capital formation	
			Farm business	Nonfarm business
	(1)	(2)	(3)	(4)
0- 2,500	41.0	7.7	7.0	8.3
2,500-20,000	52.6	54.2	48.2	46.2
20,000 & above	6.4	38.1	44.9	45.5
Total	100.0	100.0	100.0	100.0

SOURCE : All India Rural Debt and Investment Survey, 1961-62, Tables I, XVII and XVIII, *Reserve Bank of India Bulletin*, June 1965.

(in the form of taxes on agricultural income) were imposed the benefits of development schemes were reaped by cultivators in proportion to their ownership of land. The land-based credit system further reinforced the inequalities that existed in rural areas.

### *Rural Hierarchy Reinforced*

In fact, as we have analysed earlier, the allocation of institutional credit in rural India clearly illustrates Daniel Thorner's statement that "the rights of a tenant depend more on the size of his holding and his status in the village than on his status in law".<sup>24</sup> Wealthy farmers have used institutional credit for fixed capital improvements as well as for buying new inputs so as to further augment their control on land. For instance, provision of water makes possible double cropping or even triple cropping which effectively doubles or triples the scale of production. Besides, water is also sold to those who cannot invest in pumpsets or tubewells. This has become an important feature of agrarian structure in the Green Revolution areas of Punjab, Haryana, western Uttar Pradesh and Tamil Nadu. A new class of rich farmers, known as water-lords, has emerged on the rural scene. Similarly, working capital allows the production of high value crops like sugarcane, betel or fruits which entail high cost of production and also facilitates the use of high yielding varieties (HYV) of seeds which require capital intensive techniques.

The differential credit availability from institutional agencies has indeed reinforced the traditional rural hierarchy in India by enabling wealthy farmers to take advantage of technological change and capitalist development in the agrarian sector. With the spread of capital-intensive new technology under present insti-

tutional supply of credit in rural areas there will be a fierce struggle to manipulate the working rules of credit allocation for agricultural and non-agricultural purposes so as to alter the distribution of power and privilege. As Ronald Herring has put it, "In the process of change access to capital determines much of the evolving form of the agrarian system. And in predicting differential access to capital, the land tenure system provides an affective tool."<sup>25</sup>

No change in the criteria for creditworthiness will improve the economic position of poor peasants. The addition of income consideration to a land consideration obviously changes little. Sharecroppers who provide nothing more than labour are virtually equivalent—in both the land tenure and credit tenure systems—to landless labourers.<sup>26</sup> Nor will the situation change if credit is allocated more on a criteria organized around a "production nexus" rather than on "asset nexus". The crop loan system was tried in Maharashtra. Under this system cultivators received credit in kind (fertilizer, seed and so on) on a scale related to cost of production on the expectation of a crop. It failed because poor farmers usually sold fertilizer at a distress price to the trader to meet their household consumption expenditures.

The prevailing concepts of creditworthiness in practice generate a contributing force in cumulating inequalities. clearly, unless the power base of the elites is broken through effective redistribution of land, all institutional forms will become sources of power and control for the traditional landed elites. The differentiation of peasantry in India is geared to the ownership distribution of land. It manifests in differential rights in credit under the existing formal-legal regulations and operational procedures adopted by modern institutions. The differential status in land constricts the current agricultural production. The differential status in an emerging hierarchy of access to and rights in agricultural credit and capital will lead to unequal distribution of potential gains of technical change in agriculture. These phenomena reinforce each other so that the agrarian structure which frustrates objectives of equity and productivity is not expected to change in the near future. The dynamics of political inaction on redistribution of land serves the interests of those who are expected to capitalize on land and take advantage of modern technological improvements in agriculture. Reform in credit system alone will not help the poor peasants. A thoroughgoing land reform is a necessary precondition for any other reform measures to succeed.

*(Concluded)*

- <sup>1</sup> These facts were disclosed by the Central Land Refoms Committee at its meeting on 24 October 1977.
- <sup>2</sup> Quoted by the National Commission on Agriculture (1976), pp 27-28.
- <sup>3</sup> *Ibid*, p 40.
- <sup>4</sup> *Ibid*, p 75.
- <sup>5</sup> The Task Force Report, p 9. Indira Gandhi's statement was reported in *The Hindu*, Madras, 9 April 1971.
- <sup>6</sup> The National Commission an Agriculture (1976), p 8.
- <sup>7</sup> Report of the Committee on Land Reforms (1978), p 4.
- <sup>8</sup> There are several instances of land grabbing by wealthy landlords, politicians and bureaucrats. They are too numerous to be enumerated here. To give only a few instances: In Andhra Pradesh a former Chief Minister who now holds an important portfolio in the Union Cabinet owns 1140 acres in Adilabad and other places, and another prominent politician owns 1120 acres in East Godavari. In the Nainital area, in Uttar Pradesh, the Prayag Farm, owned by a businessman, extends over 3000 acres, a retired army General owns 1500 acres, a retired Lieutenant Governor has a farm extending over 1000 acres, a high police officer and an Indian Administrative Service official own 500 acres each. Besides there are big dairy and livestock breeding farms.
- <sup>9</sup> See G Parthasarathy and B P Rao, *Implementation of Land Reforms in Andhra*, Calcutta, Scientific Book Agency, 1969, pp 190-194.
- <sup>10</sup> The most popular explanation of inaction in the matter of redistribution of land is the lack of political will. This is the heading of a section of the *Report of the Task Force on Agricultural Relations* (1973), p 7. Wollf Ladejinsky advanced this diagnosis at least as early as 1965. See his appendix to David Mapgood (ed), *Policies for Promoting Agricultural Development: Report of a Conference*, Cambridge (Massachusetts), 1965. Also see H C Hart and R J Herring, "Political Conditions of Land Reform: Kerala and Maharastra", in R E Frykenberg (ed), *Land Tenure and Peasant in South India* New Delhi, Oriet Longman, 1977, pp 283-285.
- <sup>11</sup> *Ibid*, pp 275-282.
- <sup>12</sup> *Report of the Committee on Credit* (1963), p 78. See also *Report of the Committee on the Working of Large-sized and Credit Cooperatives* (1959).
- <sup>13</sup> D Thorner, *Agricultural Cooperatives in India*, Bombay, 1963, p 44.
- <sup>14</sup> *Ibid*, p 76,
- <sup>15</sup> This has produced a curious result in Uttar Pradesh. Herring points out: "The net effect of the U. P. land reforms was to simplify the multiplicity of pre-independence tenures but to retain the crucial distinctions; these distinctions are then translated into the credit hierarchy: bhumidars have superior rights in land and can use these rights to gain superior access to credit; sirdars have fewer rights and can be evicted for a number of reasons, but have the rights to mortgage land, and thus inferior access to credit. Various unorganized sub-tenants and sharecroppers fall at the bottom of the credit and land tenure hierarchies while landless labourers may be considered virtually outside these systems", R J Herring, "Land Tenure and Credit-Capital Tenure in Contemporary India", in Frykenbeg (ed), *op cit*, p 136.
- <sup>16</sup> *Report of the Committee on Cooperative Credit* (1960), p 85.
- <sup>17</sup> N S Jodha, "Land-based Credit Policies and Investment Prospects for Small Farmers", *Economic and Political Weekly*, 25 September 1971.
- <sup>18</sup> *Manual for Cooperative Societies in Madhya Pradesh*, Land Mortgage Bank, Indore, 1963, Vol 3, p 137.
- <sup>19</sup> K S Gupta, *The Gujarat Cooperative Societies Act, 1961, with Rules*, Poona, 1963.
- <sup>20</sup> *Report of the Committee on Taccavi Loans and Cooperative Credit*, Delhi, 1962, p 4.
- <sup>21</sup> From statistical point of view it is possible to adjust asset groups, keeping holding sizes as they are in table so as to make the two distributions conform to each other. What is asserted here is household mapping, that is, households satisfying two

criteria of grouping. The diagonal elements in Table I of the *Rural Debt and Investment Survey* (1975), Vol I, clearly shows such an overlap.

- <sup>22</sup> Herring uses this familiar statistical method of measuring institutional priorities in the rural credit market. See Herring, *op cit*, p 142.
- <sup>23</sup> *Rural Credit Follow-up Survey 1956-57*, Bombay, Reserve Bank of India, 1960, pp 190, 203, 227, and *Rural Credit Follow-up Survey, 1958-59*, pp 70, 80.
- <sup>24</sup> Daniel and Alice Thorner, *Land and Labour in India*, Bombay, 1965, p 149,
- <sup>25</sup> Herring, *op cit*, p 131.
- <sup>26</sup> F Frankel, *India's Green Revolution*, Princeton, 1971, Chapter IV,

## NOTE

### *Organization of Jute Cultivation in West Bengal: The Changing Forms*

IN the colonial period of Indian history, jute emerged as an important cash crop only from the mid-1850s. Between 1872 and 1900, the percentage increase (approximate) in area cultivated in some important jute growing districts varied from 177 percent in Rangpur to 525 percent in Faridpur.<sup>1</sup> The average area of jute cultivation in the 10-year period from 1891-92 to 1900-01 was 2,030,548 acres.<sup>2</sup> The increasing consumption of raw jute in the new jute mills of Calcutta and Sirajgunje (an indication of this was the more than ten-fold increase in the number of gunny bags exported between 1874-75 and 1884-85) and also a tremendous increase in the export of raw jute itself (especially after 1850s)<sup>3</sup> led to a widening of the market for raw jute. Jute, therefore, got inextricably integrated into the world capitalist system almost from its inception. And the world trade depression of the 1880s saw a decline in the price and cultivated area of raw jute also.

Expansion of market opportunities is a generally accepted index of the growth and maturity of an agrarian economy. However, in a situation where the existing land structure strictly limits the physical expansion of farms and where technical innovations and intensive cultivation cannot be introduced (or if introduced can be done *only* at a very slow pace and under special circumstances, to which we shall come later), there emerge, sooner than later, such features as sub-division and fragmentation of landholdings, increased rural indebtedness and a general decline in rural household incomes. In such a situation it is an interesting proposition to examine the reaction of the rural economy to a large-scale commercialization of agriculture and to analyse the income growth of the individual cultivator derived from the increased prices of agricultural goods as a result of their growing demand.

This paper is devoted primarily to an examination of this question although, for a proper understanding, it is necessary first

to present a coherent picture of the organization of jute cultivation and of its changing forms, which was a direct result of the changing methods of financing jute cultivation. The production aspect is interlinked with the question of financing cultivation and the implications which the latter has for the disposal of the crop and the income which it represented. Such an understanding is important because it would tell us something about the nature of *control* implicit in the *dadani* system of financing agriculture and how far the *choice* element was present for the grower in accepting or rejecting such a *dadan*. Finally, an understanding of how backward agriculture reacts to a predominantly export oriented industrialization would provide us with some clues about the relationship between the growers, the various strata of intermediaries, the mills and the foreign interests and would enable us to formulate some interesting and, we hope, meaningful questions as far as the interlocking of merchants', industrial and foreign capital is concerned in the jute industry.

### *The Traditional Form*

The traditional form of production organization in Bengal could be described as small peasant farming, although it had two characteristic features: 1) Peasant families whose individual holdings formed units of cultivation, did not "rent" land from *zamindars* on short leases resumable by the *zamindars* when they liked, but more or less continuously occupied it (without having, in most cases, any explicit contract with the *zamindar*); 2) Peasant families themselves organized the cultivation of their lands. Family labour was sometimes supplemented by co-operative communal labour and by a small quantity of paid labour. The necessary capital was the peasant's small surplus, ploughs and cattles and loans from the village moneylender and the grain dealers. These loans did not in any way interfere (in most cases) with the peasant's choice of crops to grow. The only two crops, whose cultivation required a revision of this framework were tea and indigo.

Such a framework does not imply that in the pre-1793 period all land was more or less equally distributed among the households of the village, so that some kind of a self-sufficient subsistence village economy existed. In fact, in the eighteenth century, rent was collected by the Bengal *zamindars* mainly in cash—cash acquired by peasant households by the marketing of various cash crops. Cash crop cultivation (such as tea, indigo, sugar), organized money markets and the development of internal trade and the highly monetized commercial transactions had brought about considerable



exploitation and concentration of wealth within the village society.

After the introduction of Permanent Settlement this process of increasing differentiation within the peasantry was further accentuated and the relationship between the *jotedars* (landowners and rich farmers) on the one hand and the *bargadars* (sharecroppers) and agricultural labourers (*kisans*) on the other came into full force. Under the twin processes of concentration of landholdings and swelling of the landless labour the disintegration of the *ryots* (self-sufficient peasants) gathered increasing momentum. In short, Permanent Settlement created property in land by law and led to the creation of a class of parasitic landlords, and by drawing a large number of people to this new source of income, led to sub-infeudation and rack-renting. The impoverishment of the peasantry through rack-renting, loss of existing sources of livelihood and rise in the cost of living led them increasingly to borrow from moneylenders to whom they gradually began to lose their holdings. The concentration of land and property holding was brought about not simply by a new concept of property in soil, but *also* by a supporting trend of economic change in that particular direction — by the increasing cash crop farming and commercialization of agriculture, which *necessarily* followed this new concept of property in soil.

### *Growth of Commercial Agriculture*

Although the growth of commercial agriculture made a deep impact on the economy, the area of impact was small since cash crop cultivation formed a small part of total cultivation. In the case of jute, the most extensively cultivated cash crop, the crop area did not exceed 10 percent of the total crop area in the districts in which it was grown during 1859-1885. As commercialization gathered pace a new feature emerged in the organization of production. A new group of credit financiers emerged, many of whom were not local men. The main feature of this new credit agency (NC Group) was that it hypothecated a large part of the crop (particularly rice crop), made advance on it and exported the crop as soon as it was reaped. To what extent the jute cultivators depended on the NC Group for their finances is not known. The Bengal Jute Commission (1873), however, noted: "There is no demand for advances, and a good number of *ryots* in easy circumstances carry on the cultivation without taking any advance from *mahajans* or dealers". It is difficult, however, to say whether the Jute Commission (which, after all, was based on the evidence

of jute cultivators and traders interrogated by it) was representative. However, even as late as 1932-33, when the Bengal Jute Enquiry Commission (BJEC) investigated the question of marketing of jute, the minority report said: "The cultivator sells his produce to the *faria* or the *bepari* at his house or at the hut".<sup>4</sup> Previous advances taken on a large scale would have precluded open market operations.

However, this did not mean that jute cultivators did not borrow at all. They did, of course, borrow like other peasants, though they need not have necessarily borrowed from the jute traders. This was due partly to the fact that where they were assured of an easy sale of their produce at a good price, they were reluctant to bind their hands by taking previous advances, since this invariably resulted in reducing the price as we shall explain later. They could well have borrowed from the ordinary sources (village moneylenders, *mahajans* and so on). But one thing is clear, where the system of advances prevailed, there is no room for doubt that the creditors were mostly the persons connected with the jute trade or jute manufacturing. The *paikars*, who usually made such advances, were themselves provided with credit by the *beparis* or *aratdars* who were the *mufassil* agents of the Calcutta merchants or balers. The advances given by the NC Group in all cases differed basically from the loans provided by the local moneylenders which are to be repaid at a high rate of interest. The NC Group, which is connected with trade or manufacturing organizations, on the other hand, was primarily interested in the assured supply of a portion of the peasants' produce, the failure of which would cause a greater loss than the wastage of the advances it has made. This necessitated, in most cases, its (the NC Group's) control over the production process. The *nature* of the creditors' control over the jute crop varied according to the terms of advance. In some cases the price payable to the peasant was fixed at the time of making the advance. The previous fixation of the price was invariably associated with very hard terms for the producers. Only extremely poor peasants, or peasants in temporary but acute economic distress, agreed to grow jute on such terms. Where the price was not fixed in advance, the creditor paid the peasant, at the market rate, after deducting the interest. The peasant gave as much as one-eighth of the weight of produce to cover the interest charge. In some cases, the grower pledged to the creditor his entire crop and received a refund of the difference, if any, between the market price of the produce and the amount of advance.

Because of the fluctuating fortunes of jute in the world

market, an extremely complex nature of interaction between the NC Group and the old emerged in the cultivation of jute. In a period of prosperous jute trade, the former encroached upon the latter's preserve, particularly where, in a market thronged by a host of purchasers, payment made in advance guaranteed more purchases than what could be bought with ready money at a price somewhat lower than the competitive one. The beginning of a slump reduced the scale of activities of the new credit agency to an extent far disproportionate to the fall in market demand, this being due to the highly speculative nature of the jute trade. The old credit agency would then soon recover its lost ground. The rapidly growing jute cultivation tended also to strengthen the old credit system, particularly when this expansion took place at the cost of rice cultivation thereby reducing the local feed grain supply which made the dependence of jute peasants on the village moneylender unavoidable for their food supply.

It has already been pointed out that jute was a crop for which the market fluctuated sharply. However, these fluctuations were due *not merely* to the supply position. Some economic historians have suggested that high prices have stimulated overproduction. But the question is what caused high prices. The variation in the price level resulted partly from changes in the demand position which was far from being fixed. Prices rose above a certain level at a certain time because demand tended to outstrip supply. This imbalance was reflected in market fluctuations. It is true that supply occasionally exceeded the demand for the following reasons:

- 1) Apart from the weather which considerably affected the size of jute cultivation, the tendency of peasants to grow more than what turned out eventually to be the actual demand was quite often the result of ignorance of its size;

- 2) Because of a host of intermediaries the level at which the market price prevailed was quite high;

- 3) The *farias* and *beparis* may have misjudged or miscalculated the demand and hence the high prices which they paid in one year may not prevail in the subsequent year.

Jute was thus a crop the growers of which suffered the most from a fall in price resulting from market fluctuations. However, the productive efforts of the peasants cultivating commercial crops were affected far more by the particular production organization than by such fluctuations and it seems that jute stimulated the productive efforts of the peasants, particularly because

- 1) Jute was generally grown as an additional crop to rice.
- 2) Advances made jute cultivation attractive because they (the advances) were offered at a time when the peasants had nearly run out of their stock of grain.
- 3) Although the market for jute fluctuated very sharply, jute prices crashed only on three occasions between 1870 and 1890 which perhaps was not the case in the production of rice.

The expansion of jute cultivation therefore took place at a very rapid pace, in the colonial as well as the post-colonial period of Indian history. In 1947, notwithstanding the fact of Partition, India produced a little over one million bales of raw jute. The current figure is approximately seven million bales annually. It is the contention of this paper that the rapid expansion of jute cultivation necessitated a slowly intensifying control over jute production and the *process* of its cultivation. In this context mention must be made of the *dadan* system of financing. The sub-divisional officer of Jangipur made some interesting observations about the relative system of advances for paddy and jute, which suggest that the cultivators were forced to grow one crop or the other depending upon the advances they received, and in the process became victims of commercial speculation. We are, however, of the opinion that the *dadan* system was more prevalent in the case of jute. The relevant passage may be quoted in full here:

This system (of advances) was introduced here by the Marwaris and upcountry traders and obtains mostly in case of jute and paddy. In the case of jute the advances are made to cultivators by the *araldars* and *beparis* and the rate is generally a little less than half of the highest price obtaining in the previous year. As for instance if jute is sold at the highest price of Rs.22/md *dadans* are made at Rs 9/- or Rs 10/- per md. If the price falls below Rs 9/- the producers are gainers, but if it rises above Rs 9/- they are losers. The cultivators are generally forced to have these *dadans* as they have or keep no funds with them to spend it economically through the year . . . . The producers are losers in the case of a failure of crops and higher price in the market in consequence of it. The system is only a matter of speculation and there are generally no recognised rates for these *dadans*.<sup>5</sup>

In the district of Faridpur, the Collector's report gives a detailed account of the function of each intermediary. At the first stage, the *beparis* and *farias*, who were middlemen working sometimes with their own capital, but more often working on a commission

basis, bought from the cultivator at the *hats*. Some *beparis* were also financed by firms. Of these the *faria* was somewhat restricted in the matter of rates by the merchant or *aratdar* for whom he worked, while the *bepari*, usually considered more substantial, enjoyed greater freedom, especially when using his own capital. This was done particularly in the jute season when he could finally make a profit. The *beparis* also visited the cultivator's house when they could not visit *hats*. At the next stage of operation were the European, Marwari or other Indian merchants or *aratdars*.<sup>6</sup> Of these merchants, the *aratdar* worked on a commission basis for the principals in Calcutta or elsewhere. He was financed by supply bills or telegraphic transfers through the local treasury or sub-treasury. The intermediaries at this second stage combined storage facilities with their services, by stocking the agricultural produce in corrugated iron godowns and then despatching it to mills or other Indian consumers and to exporting firms in Calcutta. Export operations took place entirely from Calcutta or the larger centres such as Sahebganj and Bhagalpur.

### *Mode of Financing*

The financing took place in the following way: the cultivator was paid in cash, but the other exchanges appeared to be on a system of the lesser merchant being financed by the bigger one, these advances being adjusted at the end of the year. Money was remitted in notes by registered post or money-order. The intermediaries generally knew the market conditions but as a matter of course reported to the cultivators the dull condition of the market. On the other hand, they deceived their employers or *mahajans* by quoting a price higher than that which they had paid but lower than the actual market price, thus securing a good margin both for the *mahajans* and themselves. The *beparis* of different *aratdars* often worked in league with each other so that *aratdars* would not know the actual rate at which the commodity was purchased. In the jute business, they occasionally made a 100 percent margin of profit in this way. The only way in which the cultivators could know of the current market rate of every commodity was "by beat of drums (by sub-divisional officers, *chaukidars* and *Thana* officers) and by purchasing a list at the office of each police station". Even this primitive method of communicating the market rates to the grower, was hampered or obstructed by the complex combination of intermediaries right up to the foreign financiers.

The movement of crops took place in the following way:

The Marwari and the upcountry firms had several branches in the districts or at Calcutta. They were in constant communication with each other either by sending their servants with money or letter or by telegraphic messages. They had their own boats, carts, railway and steamer channels for transport. The crops were sent from one locality to the other through branch firms. They kept their accounts separately and treated themselves as separate traders although the ownership and capital remained the same. In short, they were the "Bears and Bulls" in the market and in any locality, and sometimes combined together to drive out competition in the field if there was any. This in brief was essentially the system by which the marketing of the crop took place. This system of financing and marketing brought about a situation where there was enough locked-up capital in the interior regions of West Bengal which was shy of coming out for long-term productive ventures. Further, the facility of marketing agricultural produce always went against the growers because they were poor and needy and often compelled to sell their produce against their will at prices below the cost price or at prices lower than those prevailing at other places. It was the retailer and the merchant who got the major share of the profits. Even under such favourable conditions for them, the intermediaries sometimes obtained jute on credit with payments to be made after its disposal.

Mention should be made here of the deplorable state of the transport system; roads were almost impassable in many places and there were not sufficient feeder roads to the railway and steamer stations. Even the limited transport facilities that existed were monopolized by those whose social status permitted them to have dinner with the local administrative officials. In such a situation, the British government's attempts in the 1930s (perhaps this is also true regarding the attempts of the Indian government) to regulate the expansion of jute cultivation, so that primary producers might benefit from the increased prices of finished jute products, was bound to fail because it did not take into account the helpless position of the cultivators in the event of a bad year or floods. In other words, the British government's policy was bound to fail so long as it did not eliminate or at least reduce the pressure imposed by this complex, interlocked network of credit groups. This it could not do because foreign, especially British, interests were very strongly represented in this network. Price of jute largely benefited the jute manufacturers and the various groups of intermediaries, rather than the cultivator. The export price of manufactured jute goods was Rs 768 per ton in 1919-20, against Rs

726 in 1925-26. The export price of raw jute in these two years was Rs 417 and Rs 586 per ton, respectively. But the average wholesale price of raw jute in Bengal in the same two years was Rs 234 and Rs 284 per ton respectively. This was so because "the export market was a great distance away from the jute field in a metaphorical sense, and consequently the cultivator was very much at the mercy of the moneylender who had also, one must remember, an effective control over the local channels of marketing the crop in his area".<sup>7</sup>

Even the depression of the jute markets was a direct result of lack of organized action on the part of the growers. The BJEC (Finlow Committee, 1933) noted: "Apart from the general World Depression, absence of proper organised action on the part of the cultivators has been responsible for an excess of production of jute which together with the fact that the cultivators being hard pressed for ready money are often compelled to dispose of their products without waiting for better times, account for the present acute and singularly depressed stage of the jute market."

In the post-independence period the output of jute crop in India increased from 1,670,000 bales in 1947-48 to 6,176,000 bales in 1973-74; the area increase was from 264,000 hectares to 792,000 hectares and the yield (in terms of bales/hectare) from 6.32 to 7.80 over the same period. It should be noted that there have been wide fluctuations in jute production. For example, in 1967-68 production was 6,311,000 bales which fell to 2,926,000 bales in 1968-69. In fact an important reason for the fluctuation in jute production is the variation in the acreage under the crop which depends upon the relative prices of paddy and jute with one year time lag, the system of advances and so on. The yield rate has also varied from 7.19 tonnes per hectare to five tonnes per hectare, denoting a fluctuation of nearly 44 percent. If this yield fluctuation alone could be eliminated or at least substantially reduced by an efficient system of irrigation and drainage, fibre could be steadily supplied at a higher level. According to one estimate by the application of full package of improved practices the yield can be improved by nearly 55 percent.<sup>8</sup> However, it is clear that not only are institutional and technological factors *not independent* of each other, it is their relationship which is the most important element in determining the level of efficiency of the jute economy. The complex network of interlocking of manufacture and trade implies that the higher the price at which the mill side buys the fibre, the greater is the profit on the trading side. This interlocking has implied that the comparative advantage is far greater to investors in trade

who are assured of high profits from an unequal exchange rather than in the rigours of manufacture, faced with risk and trouble. In short, the greater the distress of the industry brought about by the neglect of technology, the more lucrative become the activities of the intermediary network and the more comfortable the chances of reaping fortunes in the intermediary transactions, the less compulsion for entrepreneurs to invest in modernization in preference to seeking an assured fortune in trade. In fact the manufacturing industry, in this situation, becomes an adjunct to a "bargaining counter."<sup>9</sup>

However, changes seem to be occurring in land relations in West Bengal. In a recent study Kalyan Dutt argues that despite a decrease in the extent of landlessness, the weightage of small owner-operators operating the bottom 20 percent of land has decreased from 69 percent to 57 percent between 1954-55 and 1971-72, while that of the large owner-operators operating the top 20 percent of area has increased from 4 percent to 6 percent and this has resulted not in an increase of landless *bargadars* but in an alarming increase of rural proletariat employed as casual labourers or not employed at all. He argues that this is despite (or perhaps because of) the technological development that has taken place during this period. We have scraps of evidence to suggest that there has been diversification as far as Bengal agriculture is concerned. For example the cultivation of wheat, mustard and *boro* rice has taken place in the post-independence period. Even such limited data as we have led us to believe that the *role* of perpetual indebtedness (as argued by some) in restricting technological improvement are somewhat misleading, as much of the essence of the problem of indebtedness is abstracted from the manner in which the problem is set up. Ghose and Saith<sup>11</sup> have argued that the fundamental basis of the domination and control exercised by the class of landlords over the class of tenants derives from the landlords' ownership of the means of production in agriculture, namely, land, even though the tenants' state of perpetual indebtedness yields certain *additional* power to the landlords beyond the limits of general class power. Explanations of the limited spread of the new technology in West Bengal therefore must be sought in something other than the semi-feudal feature of its agriculture.

To conclude, pulling the threads of the argument together (as it were), we have argued that the tremendous introduction of money relations and the process of commercialization which was accentuated by the introduction of Permanent Settlement in



1793, led to increasing differentiation within the peasantry and emergence of an extremely complex network of credit groups in Bengal. These groups not only controlled the entire system of agricultural production but also the disposal of the crops geared to their needs. This control however did not imply that no change was taking place in the production relations. Much of the maladies which have affected jute cultivation and retarded its proper development and organization can be attributed to the activities of these credit groups. These credit groups are not interlinked homogeneously; there exist fissures. However, the net result of their activities has been to inhibit technical change in the production and organization of jute cultivation.

ANIL RAI

(This is a revised version of a paper presented at a seminar at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi)

- <sup>1</sup> N C Chaudhuri, *Jute in Bengal*, Calcutta, 1908, pp 63-66, quoted in B B Chaudhuri, "Growth of Commercial Agriculture in Bengal, 1859-1885, *IESHR*, vol 7, 1970 (two parts); See also B B Chaudhuri, *Growth of Commercial Agriculture in Bengal, 1757-1900* Calcutta, 1964, Vol 1.
- <sup>2</sup> *Area and Yield of Certain Crops 1891-2 to 1905-6*, Commercial Intelligence Department Government of India.
- <sup>3</sup> H C Kar, *Report on the Cultivation of and Trade in Jute*, Calcutta, 1877, para 264.
- <sup>4</sup> *Bengal Jute Enquiry Commission*, Calcutta, 1934, Vol I, p 111.
- <sup>5</sup> Quoted in S Mukherji, "Trade in Rice and Jute in Bengal: Its Effects on Prices, Cultivation and Consumption of the Two Crops in Early 20th Century, 1900/01-1920/21", unpublished PhD thesis, Jadavpur University, 1971, Chapter I.
- <sup>6</sup> *Aratdars* were small capitalists possessing godowns, who "theoretically" sold the jute of *beparis* at a commission of 2 annas per maund. But the price at which the *aratdar* finally made a deal with the buyer was not always revealed to the seller. *Aratdars* also gave advances to the *beparis*.
- <sup>7</sup> S Mukherji, *op. cit.*
- <sup>8</sup> *Spotlight on Jute*, Calcutta, 1977, p 76.
- <sup>9</sup> Address by the chairman of the Indian Jute Mills Association, 12 April 1969.
- <sup>10</sup> Kalyan Dutt, "Changes in Land Relations in West Bengal", *Economic and Political Weekly*, Review of Agriculture, December 1977.
- <sup>11</sup> A K Ghose and A Saith, "Indebtedness, Tenancy and the Adoption of New Technology in Semi-feudal Agriculture", *World Development*, Vol 4, No 4, 1976.

## BOOK REVIEW

### *Reflections on Development*

C. H. HANUMANTHA RAO AND P. C. JOSHI (eds), REFLECTIONS ON ECONOMIC DEVELOPMENT AND SOCIAL CHANGE : ESSAYS IN HONOUR OF PROF V K R V RAO. Allied Publishers, New Delhi, 1979, pp XIV + 486, Rs 100.

THIS *Festschrift* for V K R V Rao contains 24 essays covering wide range of topics and it is such a motley collection of articles that it is difficult to do justice, in a short review like this, to the entire collection.

The opening piece by A K Das Gupta, which is thematically related to Rao's essay, "The Nature and Purpose of Economic Activity", vacillates between Lord Robbins' neoclassic definition of economics and an alternative one which is never clearly spelt out. In the end, he seems to be awkwardly clinging to the mainstream definition. Though he criticizes the latter at a place or two his criticism is largely misplaced. He says in the end that the fact of "scarce means which have alternative uses" cannot be denied. Das Gupta seems to miss the essential flaw (which is much more than a "methodological" error) of neoclassical economics: its "ahistorical and unhistorical core". For example, though the role played by relative scarcities and abundances (in mainstream terminology, excess demand and supply) cannot be denied, the important point is that not all societies in all historical periods *respond* to relative scarcities and abundances in the *same* way.

Jan Tinbergen, in his paper on "Some Remarks on Slow Growth", argues for a slower rate of growth for rich countries as a means of reducing global and national inequalities and for "an easier solution of food scarcity in the regions suffering from malnutrition at present" (p 26); this is urgent not because of an imminent ecological threat, but for "social, cultural and political

reasons" (p 22). But he cautions: "The trend towards slower growth of developed countries should not be introduced at once . . . the trend towards slower growth should be aimed at gradually" (p 25). One simply wonders *whom* such prescriptions are addressed to.

The piece by Hans Singer on "Poverty, Income Distribution and Levels of Living: Thirty Years of Changing Thought on Development" is a commentary on the changing focus of development strategy, as embodied in the approach of such international organizations as the United Nations Sub-Commission for Economic Development (of which Rao was the chairman), the International Labour Organisation (through its World Employment Programme) and so on. The paper lays bare the inadequacy of the various concepts of poverty and income inequality and the difficulties in the implementation of policies aimed at the reduction of poverty and income inequality. It finally advocates decentralized, local planning for a basic needs-oriented development policy. In the process, the paper also brings out the limitations of the way the problem is posed as well as the impotency of piecemeal economic policies.

### *Relativity of Technology*

There are two pieces on the relationship between technology and development. The one by B N Ganguli examines the concept of "relativity of technology" and the fact of coexistence of "superior" and "inferior" techniques for the same branch of production, and their implications for the specific short-period goal of near-full employment in poor countries with planned economies. He then goes on to provide a theoretical possibility of (vide Wicksell), and justification for, the phenomenon of existence of "superior" and "inferior" techniques, and asserts that the usual notion of capital scarcity is a myth, whereas P R Brahmananda, in another essay, sets up a highly stylized "New Classical Growth Model" to prove that long-period unemployment, "under most circumstances" (whatever it means) is due to a deficiency of total capital stock. But the point that it is the existence of a relative surplus population that makes possible the continuation of a constant set of technical methods actually in use, and the non-application of technical knowledge, is missed. On the other hand, A K Cairncross starts with the importance of the non-measurable factors for economic growth, and productivity, such as natural resources and technology. He takes up the "peculiar" case of Japan and explains its historical growth experience, implicitly using Gerschenkron's concept of "relative (technological) backwardness."

The essays by S Chakravarty and K N Raj, though placed

under separate sections, concern themselves with the identification of particular theoretical insights provided by the Keynesian system for analysing the developmental problems of what Chakravarty calls "mixed" or "developing", and Raj calls "agrarian" economies. In addition, Chakravarty examines the supply-oriented classical models of growth (with Lewis's model as an outstanding species) and points out the inadequacy, in the light of the peculiar problems of mixed economies, of the policy prescriptions flowing from them, vis-a-vis the Keynesian system. There are two problems faced by developing economies which Charavarty recognizes as diagnosable by Keynesian tools: excess capacity in the industrial sector due to an increase in the proportion of consumption expenditure on food (following a terms of trade shift in favour of agriculture) and an adverse effect of increased government spending or physical investment; and, secondly, the need for "financial intermediation" for channelizing savings into productive investment. At this point, it is interesting to see how the above two essays relate to each other. Whereas Chakravarty disposes of a high rate of return on land ("land trap") as a check on physical capital formation fairly lightly, Raj, taking cue from a passing reference to it by Keynes, puts it at the centre of his macro-economic framework, and emphasizes the historical significance of the phenomenon; he shows how an increasing land price with increasing commercialization can resolve the crisis of a high rate of return on land (and thus a high rate of interest). He also provides alternative explanations for the existence of a high rate of interest in "agrarian economies" on the basis of the distinction between lenders' and borrowers' risk proposed by Keynes, and of a high 'grain-rate-of-interest.'

### *Technical Problems in Planning*

While the set of essays examined above deal with broad problems of development theory and practice, there are others which are narrower in their scope. They include one by M Mukherjee on the construction of a consistent set of price index numbers and another by Colin Clark on productivity in service industries. The one by V M Rao is a preliminary report on the "cluster" approach to rural analysis and planning proposed by V K R V Rao, which identifies the problems involved in such an approach and its rationale (though not yet fully understood), and the other one by R J Chelliah examines the proposal for the merger of sales tax with excise duty.

P N Dhar's essay on the role of the small scale sector, while

recognizing the unsatisfactory performance of the small scale enterprises in India; suggests alternative policies towards such enterprises, without trying to put forward any plausible hypothesis for the slow growth of this sector. The essay by J N Sinha reviews the principles of wage policy followed in India and their implications for industrial relations. In the process, phrases like "social justice" and "economic efficiency" are thrown around rather carelessly while describing the ultimate motive of a rational wage structure. C H Hanumantha Rao, in a previously published essay called "Factor Endowments, Technology and Farm Employment", points out the need for region-wise specific policies. He pleads for increased public investment in irrigation in labour surplus regions which would increase cropping intensity and hence labour absorption, and points out the limited role of yield-raising technological change—which invariably has a labour-saving bias—in such cases.

### *Faulty Causation*

There is a set of four essays put under one section titled "The Demographic Dimension". In the first of these, the authors argue that expenditures on schooling and health, which make possible increase in "life span", are in the nature of investments and hence a fall in mortality may in fact lead to an increase in the rate of "human capital" formation. This kind of demographic determinism (the causation runs from population growth to economic development without qualifications) is as crude as looking upon the "quality" of labour input as yet another "factor of production". The piece by Asok Mitra is a good *expose* of the ideology of population control pedalled by advanced capitalist countries in their own interests which also square with those of the ruling elite of the countries who receive "aid" for financing their population control policies. But, from here, he goes on to present a catalogue of policies that should be followed in improving the "quality" of the population, besides checking its rate of growth, though he realizes the political obstacles to the pursuance of such "desirable" policies. The other two essays in this section are again narrower in focus: one is an analysis of Census figures for the period 1901-1971 at the district level, and thus tries to bring out the inter-district variations in population growth and their effect on trends in the district-wise distribution of the total population; the other one is a review of urban policy in India since independence, and brings out the utter failure of it in all its aspects.

The last two sections of essays are titled "Development as a Social Process" and "Perspectives in Social Sciences", and comprise such themes as the elusive nature of India's "political culture", problems of linguistic diversity and primary education in India, nature of social science research in India and the problem of valuation in social sciences.

The contributions in the volume seek to reflect the range of academic and non-academic interests of V K R V Rao, and most of them seem to be eager to remain faithful to his original perspective. This makes it an "intimate" tribute as well. The volume also contains a biographical sketch of VKRV Rao and an 11-page bibliography of his contributions.

SAKTI PADHI

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*Articles, notes and reviews express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.*

## CONTRIBUTORS

*B G BAIG is a social scientist from Bombay.*

*K K DAS GUPTA is Professor at Gokhale Institute of Politics and Economics, Poona.*

*HETUKAR JHA is in the Department of Sociology, Patna University, Patna.*

*GOPA JOSHI is Research Associate, Department of Chinese and Japanese Studies, University of Delhi.*

*ABANTI KUNDU is Fellow in Geography, Centre for Studies in Social Sciences, Calcutta.*

*SUGUNA PAUL is in the Department of Sociology, South Gujarat University, Surat.*

*K RAMAN PILLAI is Professor of Political Science, University of Kerala, Trivandrum.*

*K P SIGH is in the Aligarh Muslim University, Aligarh.*

K K DAS GUPTA

*The Nature of Post-Reform Economic Management  
in Eastern Europe: The Hungarian Case*

THE year 1965 marks a dividing line between an extensive pattern of economic development in the Soviet Union and other East European socialist countries and the introduction of a new system of management and planning. The year in question is not simply a line of demarcation between the two epochs for convenience alone. There were forces and factors, now known to all concerned with the study of European socialist economies, that prompted them to designate it as the point of departure for the post-reform period or rather the age of the new economic system of management and planning. The purpose of this paper is to lay bare the important issues relating to the "macro" and "micro" management linkages within the framework of the new system, and then to examine the implications of framework of the new system in the working of the Hungarian economy. In this regard, the nature of the main instrument of economic control in Hungary, that is, the "regulatory mechanism", intended to create conditions of efficiency in the working of micro economic organs like enterprises in a condition of sufficient degree of autonomy has been pointed out. Finally, some observations on the dialectical inter-relations between control and devolution in economic management in Hungary have been made.

The essential features of the new economic system in East Europe can be traced to increased autonomy of microeconomic units, that is, enterprises, and consequently greater devolution of powers in economic management at different levels. The introduction of this system of autonomy was aimed at eliminating the in-built deficiencies of centralized command models of economic growth in most of the European socialist countries before 1965. In these countries planning and management of the economy both at micro and macro levels started becoming increasingly difficult because at the micro level the tasks were simply to "obey" instructions for fulfilling the physical targets of output and report back the level of performance. Even the composition of product mix used to be determined by the people at the higher echelons of decision-making. In addition, the extensive pattern of development—an exclusive reliance on material and labour inputs for increase in volume of output without proper emphasis on an increase in labour productivity, development of science and technology, quality and cost of production—created bottlenecks in the form of diseconomy in the sphere of production. As a result, in the late fifties, losses from the point of view of economic calculations started to mount up in staggering proportions. The whole network of information had become faulty. Reports from below to the higher authorities in most cases contained a distorted picture of the production capacities of enterprises—an understatement of such capacities. At the same time, the state planning authorities too had started with the assumption of this distortion, while fixing targets and allocating resources. Therefore, management, whether at the macro or at the micro level, rested on the hypothesis of untruth and disbelief. The philosophy of such a management led inevitably to diseconomy, waste and stagnation. In this situation the prestige of an enterprise and efficiency of management did not depend on the efficiency in production in terms of higher productivity of labour and better quality of output but on the fulfilment or overfulfilment of targets in physical terms alone, where costs were of no concern to the management. Moreover, a plan of more or less uniform production throughout the year was conspicuous by its absence in an enterprise. Overwork in one quarter to fulfil targets and slackness in another also had become the common practice.<sup>1</sup>

The new system in planning and management was introduced in the light of such an experience and amid mounting controversies regarding efficacy of stubbornly persisting in a model of economic growth that simply augmented the intensity of waste and stagnation leading to economic ostracization of European

socialist countries from the international economy, not as a result of political and ideological differences alone, because the international market is dominated by the advanced capitalist countries, but because of the inability of the socialist countries to enter a truly international market of commodities due to low quality and sub-optimal standardization of products. This system envisaged a model of working of the economy whose main feature is a multiplicity of levels of decision-making. In this model, the linkage problems between plans at different levels are not solved by direct orders but mostly by indirect means (economic indicators, economic regulators and so on) and an important role is played by horizontal links between micro economic institutions.<sup>2</sup> As a logical implication of the model, the micro economic organs or enterprises enjoy a wider degree of autonomy. In the case of Yugoslavia, where a "new reform" mechanism has become operational since 1966, the degree of autonomy is maximum (with some attendant problems) by the introduction of what is known as a "polycentric" plan and management by "Associated Labour" through a delegate system.<sup>3</sup> The crux of "polycentrism" lies in the rejection of the idea of treating vertical and horizontal flow of information and planned indicators as mutually exclusive and accepting them as complementary. In such a model the information flows take place both horizontally and vertically at the same time, thereby in the whole economy the information network could be visualized as a matrix of information bits arranged in columns and rows. The very mechanism of reform in East Europe envisages, depending on particular conditions of a country, a certain degree of polycentrism.

### *The Rationale of Change*

It should, however, be borne in mind, as Josef Lenart has pointed out, that the imperative need for improvement of economic management, as reflected in the new system, did not mean that a distinction was made between a simplified concept of an old "bad" and a new "perfect" system, but rather a system which would ensure a higher scientific and technological level in the society. The old system was characterized by a complete lack of responsibility in this regard at the micro level and as such the innovations that were introduced in the technical process of production were mostly the results of commands from "headquarters."<sup>4</sup> In the new system, the management function at the micro level include—within the framework of activities of enterprises, association of enterprises or combines—planning and implementation (within the constraints set by the sectoral or central authority) of

technical improvement in the process of production. As a result, the old psychology of managers being operatives at a lower point in a line and staff setup is dying out because of objective necessity. In the opinion of one author, the new system has called forth the need of new type of managers who would not only be qualified technically to understand the intricacies of operations but also capable of combining this skill with advanced management techniques within a more democratic framework to obtain positive results.<sup>5</sup>

To ensure and increase the efficiency of socialist economies, management of science and technology has assumed considerable significance today. The main function in this regard is the implementation of the global plan for determining the structure of the economy. That is why, in some countries, such a plan is called "structure determining plan" and the entire exercise is designated as "object" planning. One of the main objectives of widespread devolution in the new economic system was to free the higher echelons in the planning organizations from routine work of gigantic proportions and thus to allow them to be engaged in the formulation of "structure determining tasks" and mechanics of their execution. According to one western observer, "this was an interesting experiment in priority planning of a new type. Priority was given to mixed bag of products, those which were thought to be technologically advanced and thus apt to be easily and profitably exportable and others that might determine the technical level of the economy".<sup>6</sup> The nature of the task enunciated above clearly necessitates its formulation and elaboration within the ambit of macro planning which, at present, devolves on perspective or long range planning or the periodic (normally five-year) plans. On the other hand, in such a task, the responsibility of strictly maintaining a *Khozraschet*, which implies running an enterprise on profit and loss principle so that it can generate a surplus through efficiency, rests with the management at the enterprise level and it, in its turn, equips the macro organs with information regarding technological bottlenecks in daily operations in the matter of fulfilling the structure determining tasks that are vertically delegated to it.

With regard to the non-structure determining tasks, at the enterprise or firm level, the responsibility at the present juncture for production and, in most cases, sales, rests entirely with the organizers of production, that is, the enterprise, combine or the association managers depending on particular situation. Within an enterprise there is further operational devolution but the func-



tional responsibility of direction lies with the manager or the director. A strict categorization of good and bad results has been made in most of the socialist countries in Europe so that the incentives both in terms of cash payments and collective consumption do not depend on quota fulfilment but on achieving an optimum result based on *Khozraschet* principle which, as has been pointed out, implies giving prime importance to balance sheet consideration and profit and profitability, apart from optimum level of output in response to global economic indicators or in line with the economic regulators as the case may be. In the words of Lenart again, "We must be particularly careful that internal management ensures the fulfilment of planned tasks as the basis of economic handling of the means of social labour and of the raising of technological level. We must simply have the type of system of internal management that will, to a large extent, *eliminate the former anonymous share of every individual and collective in the results achieved in the plants and enterprises.*"<sup>7</sup>

### *Incentives—Social Goals Not Blurred*

A few words are necessary to pinpoint the issues involved in the management of micro organs in a condition of present norms and methods of incentive payments in the new system. Incentives generally are of two types: a) financial incentives or premia to managers and workers for efficient performance and as a reward for their contribution to the fulfilment or overfulfilment of the tasks laid down (the nature of these tasks vary from one country to another—from indicated tasks as in the German Democratic Republic and Bulgaria to generation of sufficient surplus while taking account of the regulatory mechanism, as in Hungary; but even in the case of indicated tasks, as in the German Democratic Republic, for example, the material incentive is functionally related to the enterprise's capacity to generate profit) and b) an increased share in collective consumption depending on the proportion of wage fund on the basis of indicators or regulators that are allowed and agreed upon for such a consumption. But too much preoccupation with incentive earnings and increase in collective consumption in particular enterprises and regions may create some vested interests. Therefore one of the prime functions of indicators and regulators coming down from above is to act as constraints on enterprises so that the social goals are not blurred, without losing sight, however, of the necessity of successfully carrying out the management functions for the objective gains at the micro level.

One of the problems of management at the enterprise level is to impart this social consciousness to the working people in the presence of the attempts by the higher echelons of the planning body to conceive what can be called an "iso-profit space". It means that if enterprise A is already at an advantageous position with regard to its capacity, technological level, production planning and skill of its workers vis-a-vis another enterprise B, some formulae of compensation would be applied to make enterprise A and enterprise B occupy neighbouring points in the iso-profit space. For example, the material incentives are made to increase at a decreasing rate with every equal increment of profit. In some cases, turnover taxes are reduced if the ex-factory prices of some enterprises are higher so that the industry price remains the same. In the face of this, the philosophy of incentive payment becomes partly defeated which many events in East Europe in the past have pointed to. On the other hand, in the absence of this constraint some form of "commodity fetishism" may develop among operatives of more successful enterprises because of the existence of a market mechanism, although regulated and restricted. In the ultimate analysis, a higher material incentive means a greater command over consumption goods, and with the increase in the tempo of production of such goods in European socialist countries, necessary condition for the emergence of "consumeristic" psychology is created, unless there is a powerful economic restraint.

### *Coordinating Function*

Enterprise management, or micro management to be precise, in today's European socialist countries has to function within severe constraints, some of which are quite formidable if considered in isolation. But the economic indicators and regulators, and also norms, act as catalysts of harmonization in an otherwise conflicting situation. At the macro social plane, a fundamental requirement of a system of economic indicators or regulators is to create conditions for the correct formulation, elaboration and implementation and realization of the basic objectives and major tasks enunciated by the plan. These can be achieved through fixation of a set of norms which serves as the bridge between (by direct indicative and indirect regulative relationships as the case may be) the goals of economic activity and the interests of all the participating micro organs, thus ensuring "a coordination between the interests of the society, the economic organization and the individual, collectives and workers, by giving priority to social and collective interests in the case of a divergence between these groups of interests."<sup>8</sup>

Some idea of the nature of the system of norms and indicators/regulators is necessary for a better understanding of the complexities of management of a socialist economy. These consist of i) national indicators or regulators used for preparing the macro social plan of development, which includes indicators/regulators of the most general nature of the changes in and distribution of net material product (NMP), labour productivity and the technological improvements leading to determination of the structure of the economy and ii) norms and indicators/regulators arising out of the above for the association of enterprises, combines and enterprises.

As Zhelev observes, "The norms and indicators approved for (the enterprise) ... determine the volume and main conditions of production and sale, the direction of technical progress and the effectiveness of their economic activity as well as the distribution of the profit (income) and the formation of the funds which are directly connected with the economic results of the economic organisations and the contribution of their collectives in obtaining these results".<sup>9</sup> The main economic levers/indicators/regulators are costs, prices, turnover and profit. The production cost has to reflect outlays on social labour in the entire process of production, within an acceptable range of deviation. The average of aggregate costs, in the framework of the new economic system, represent the results of numerous individual costs making their effect as the inverse of prices. Price occupies a very important position as an indicator. It influences the economic accounting of the producers, hence of enterprises to ascertain the necessary conditions for formulating a set of optimum (production) prices for their product-mix within the framework of micro management to ensure *Khozraschet*. It may be mentioned, however, that the production price mentioned above, which is now known as "socialist production price", can be optimally fixed by the enterprises in cases of "free" prices alone. In the case of "fixed" and "maximum" prices, these are regarded as "social normatives". In other words, if enterprises can create conditions for more efficient production and thus reduce cost, an additional profit can be generated, thus increasing the rate of profitability for such enterprises, since the price is given.

But the necessary condition for creation of such a functional climate is the presence of a sufficient degree of decentralization, subject to the constraints stated above; otherwise the management function of enterprises becomes overburdened with too many direc-

tives and regulations and the whole purpose of the exercise of efficiency through devolution becomes self-defeating. To thwart such an eventuality, in the new system, contracts between enterprises have been made for creating a condition of economic co-operation. These serve to execute, improve and make the plans exact at all levels through direct and indirect linkages throughout the economy. At the same time contracts appear as transactions, and thus commodity-money relationship at its developed form between enterprises is established. If we now add the flow of consumption goods in this commodity-money nexus, we have the essence of market socialism within the boundaries of a particular country. Consequently, enterprise management in the present system is much more complicated than that in the pre-reform days where performing routine type of tasks was not only a possibility but also a necessity. The present day manager of a micro organ should therefore be equipped with the acumen to pursue his function with the same type of efficiency as is expected from a manager in a pre-socialist type of business organization. This entails taking into reckoning the stochastic elements like risk and uncertainty in the process of production and sale, particularly while dealing with external economies, and also to some extent while coping with certain changes in preferences in the domestic market itself. Such factors are likely to add difficulties to the already onerous task of maintaining a linkage between macro social objectives and micro goals. But as has been pointed out elsewhere by this author, such risks and uncertainties, by the very logic of operations of enterprises in socialist economies, could be held within manageable limits.<sup>10</sup> In view of the changed circumstances in the post-reform era, not only the formulation and execution of a task but its scientific evaluation have become an indispensable part of the management function. The linear method of evaluation, which was the practice before, has been replaced by a complicated set of performance indicators in the new system with due weightage attached to important factors so as to provide an overall view of performance. A continuous process of evaluation at different levels of management at regular intervals keeping in view the constraints in the shape of indicators or regulators is part and parcel of the new system today.<sup>11</sup>

The principal idea behind the introduction of the new economic system in Hungary was to make a fusion possible between national planning and market relations on the basis of socialist ownership of the means of production. The interconnections between planning and market relations were established in Hungary,

in the opinion of Tamas Morva, a leading Hungarian economist, on the following principles:

- 1) National plans should determine economic growth as a whole and should enjoy primacy over market tendencies or, in other words, plans should guide and influence the development of the market.
- 2) Planning should take into account market relations, in general not opposing market tendencies but guiding and influencing their development by means and methods which are in harmony with the nature of market relations.
- 3) Plans should give leeway for movements in the fulfilment of plans including feedback effects of market forces. Intervention should occur only where the national interest or basic allocations made by the plans are threatened.<sup>12</sup>

In the process of translating the above principles into reality, nationalized enterprises have obtained virtual economic autonomy. The activity of an enterprise is not affected by an indicator in the strict sense of the term. Enterprises are free to decide on their volume of production, product-mix, purchase and sales within the constraint of their economic possibilities to ensure *Khozraschet*. The regulatory mechanism actually operates through indirect economic means like pricing, taxation, regulation of income and credit.

### *Regulation of Income*

An enterprise's incomes are regulated as follows:

a) Accumulation of funds and increase in personal incomes of managers and workers are related to profitability of the enterprise. It has to be mentioned in this connection that the rate of profitability or rentability is calculated either as a percentage of prime cost or total assets particularly employed for the production of the commodity in question.

b) There is a clear division between quantum of profit which can be used as accumulation fund and which can be distributed as additional income.<sup>13</sup> But as has been pointed out before, this increase in income rate increasingly decreases with the increase in the profit mass. But autonomy of the enterprise as a factor, in the words of Revesz, "has led them more rationally to combine the factors of production; they adjust their product-mix better to the demands of the market and to practice more efficient management."<sup>14</sup>

But the motivation of efficient management is sometimes

dampened by an important constraint on personal income generation. If aggregate earnings and personal wages can rise only with the increase in profits, in a given situation where employment in the enterprise is needed of persons with higher qualification for ensuring better production and higher productivity, it would not be possible unless there was a sufficient increase in the profit mass before. Therefore, steps to augment profit or profitability presupposes a condition of augmented profitability. Thus, the constraint becomes circular. Again, by the logic of income regulation, if for some reasons the profits of an enterprise stagnate or drop, personal incomes of employees would also stagnate or drop, a condition totally opposed to maintaining efficiency. Therefore, in such situations, the element of central control becomes essential. "To relieve such enterprises from a difficult position", Revesz says, "the authorities have often had no choice but repeatedly either to make individual exceptions or to manipulate enterprise profits through various methods of interventions. Needless to say, all this weakened the objective enforcement of enterprise interests and adversely affected the functioning of the price and the financial system."<sup>16</sup>

### *Investment Decision*

In the new system in Hungary a much greater autonomy in the sphere of investment was envisaged. It was held that a typical enterprise should be able, within the means at its disposal, to keep aside amortization fund for the purpose of replacement of fixed assets at a later date, introduce innovation in production technique and would be able to plan production in response to changing conditions of market demand. Some important areas of investment however, were kept strictly under the control of the state and effected through long-term planning and medium-term plans. These were firstly tasks related to what is known as "central development programmes", which included development of petrochemical units, overhauling and reconstruction programme of textile industries, public service vehicle production and others. Secondly, investment in the non-productive and infrastructural sectors, including some areas of social consumption like education and health, came under the exclusive responsibility of the state.

With regard to financing of investments of enterprises, a part is self-financed depending on the surplus fund available. The rest consists of budgetary allocations from the state as long-term loans which the enterprises must repay and also credit facilities from bank. Enterprises which fulfil "central development" and infrastructural programmes pointed out above, are entitled to

preferential treatment for obtaining bank credit. It is obvious that preferential treatment in matters of credit to one group of enterprises and the absence of it for the rest only speaks of the central influence on the autonomous enterprises. Moreover, as one Hungarian author has said, "the credit quotas annually specified by the central authorities lay down allocations in advance and in detail, most of the available credit thereby being distributed on the basis of central decisions, and not as an outcome of competition among enterprise initiatives on the basis of what promises to be the most profitable."

Tables I and II indicate the relative shares of investment of different sources and also source of authority. One contradictory aspect of the regulating system pertaining to investment decision lies in the fact that "maintenance" or "dynamic maintenance of standards" is financed from enterprise resources and belongs to the scope of decision of the enterprise and "while

TABLE I

SHARES OF INVESTMENT DECISIONS BY THE HUNGARIAN GOVERNMENT AND BY ENTERPRISES

Year	<i>Total investment in the socialized sector of the economy (billion Forint)</i>	<i>Share in investment decisions (percent)</i>	
		<i>Government</i>	<i>Enterprises</i>
1968	68.0	50.5	49.5
1969	75.5	50.9	49.1
1970	89.5	45.9	54.1
1971	100.7	43.4	56.6
1972	103.1	46.8	53.2
1973	108.2	45.5	54.5
1974	118.0	46.1	53.9
1975	128.0	46.9	53.1

SOURCE: Andrea Deak, "On the Possibility of Enterprise Decisions on Investment," *Eastern European Economics*, Winter 1975-76, p 17.

TABLE II

EXTERNAL FINANCIAL SOURCES FOR ENTERPRISE INITIATED INVESTMENTS

<i>(billion Forint)</i>							
<i>Year</i>	<i>Credit</i>	<i>Development loan</i>	<i>Budgetary allocation</i>	<i>Council support</i>	<i>Total of ex- ternal financial sources</i>	<i>Total of enterprise investment</i>	<i>Share of external sources (percent)</i>
1971	12.6	1.3	8.8	2.3	25.0	57.0	43.9
1972	11.2	1.8	8.2	2.3	23.5	54.9	42.8
1973	12.5	1.6	9.0	2.0	25.1	59.0	22.5
1974	14.8	2.0	11.5	1.0	29.3	61.0	48.0
1975	18.0	2.0	11.7	1.2	32.9	67.5	48.7

SOURCE: As of Table I, page 19.

development is a task to be financed with credit transactions, government loans, and budgetary allocations, where the right to decide rests with institutions of state administration.”<sup>16</sup>

The regulatory mechanism for price formation and fixation was aimed at orienting and stimulating producers and consumers in their economic decisions- “The price system was meant to promote rational utilization of economic resources, the adaptation of production to demand, the spreading of up-to-date technologies and products and the formation of an economical consumption pattern, as well as equilibrium between supply and demand.”<sup>17</sup> It is obvious that a mechanism with the above guiding principle can operate only in sufficiently free market conditions. But such conditions have been constrained by the different types of prices in vogue. Broadly, there are four categories of prices: a) fixed, b) maximum, c) loosely regulated and d) free. In the case of loosely regulated prices enterprises are free to fix individual prices of their product-mix on the basis of regulation on price building methods. Free prices are fixed in contracts between enterprises, mainly for certain types of consumption goods for the internal market. The government never interferes in these transactions. Fixed and maximum prices, on one side, act as severe constraints in economic management but they also act as social normatives to create what can be called the optimal “*price performance nexus*.” When talking of price in general, that of labour power, that is, wage, has also to be taken into reckoning. In spite of the existence of market relations, a socialist economy cannot on principle and in practice accept the legitimacy of a wage and commodity price spiral as concomitant of market relations. A western scholar is quite clear on this point: “The restraint as to acceptable inflation rates, accentuated by the government’s desire to improve the availability of goods on the consumer markets at existing price levels has caused the Hungarian central planners to follow an extremely cautious policy of wage restraint. Any example that might have been provided by substantial wage increases in some individual enterprises would have been very difficult to resist in other forms, particularly since the tight labour market and high rate of labour turnover would have led to substantial net losses of manpower in the lagging enterprises. Given the existence of a complex subsidy and tax rebate system, the government would have been unable to resist the political pressure to provide the financial wherewithal to make possible similar wage increases elsewhere. Thus any unusual wage increases would have threatened a cost push inflation throughout the country.”<sup>18</sup>



The overriding concern for efficiency in European socialist economies since 1965 has been due to an impelling necessity of these economies for entering into the international market of commodities, both as buyers and sellers. Also the need for greater efficiency arose as a necessary condition for what is known as "socialist economic integration" of countries belonging to the Council of Mutual Economic Assistance (CMEA or COMECON). "Autarky" as an economic philosophy became too backdated even within the framework of a socialist management and planning not only in the case of Hungary alone but also in the case of other countries of socialist commonwealth. Therefore, ensuring efficiency in the working of an enterprise has become the most important task. The concept of "socialist entrepreneurship" has become acceptable in Hungarian economic literature.<sup>10</sup> As early as in the May 1966 plenum of the Central Committee of the Hungarian Socialist Workers Party a directive was issued in this regard: "We must create a mechanism for the functioning of the socialist economy that permits enterprise, independence, initiative and responsibility; in other words, the spirit of entrepreneurship and flexibility, the synchronization of the interests of the enterprise with those of the society, while assigning a role in the formation of the latter also to the conflicts of interests between enterprises." It follows therefore that "socialist entrepreneurship" has two distinct components, namely, the entrepreneurial ability comparable to that in the capitalist system with the given constraints as well as, as has been mentioned, the awareness of the social responsibility.

### *Organizational Structure*

A few words are necessary to get an idea of the structure of the Hungarian industrial organization of the present time. The characteristics of this structure are as follows:

- a) The industrial territorial division of economic units according to strictly defined purposes and functions, which was prevalent before the reform, has been basically preserved.
- b) The organization of production, wholesale, retail and foreign trade and services are still fairly rigidly separated according to function; the territorial activity of individual trade (especially retail) and service enterprises is limited.
- c) In some spheres there is competition between enterprises (some food items, durable and semi-durable goods).
- d) A number of enterprises have received the right to trade directly with foreign companies.

The combination of control over and independence of enterprises in the new system in Hungary naturally begs the question: in which way reform could provide a solution to the contradiction between enterprise independence and central control? The answer is that the new system did not provide a final solution; rather, no reform can provide any ultimate answer to any problem. Management of economic organs at different levels has to live with this contradiction. But it is more or less accepted in Hungary that the predominant principle of the new system is independence of micro organs of economic management. With regard to control through regulators, in such a situation it is felt that the content of the regulators can and should be changed according to changing circumstances, conditions and economic policy objectives to be achieved without affecting the substance of the reform, naturally provided that its basic principle, that is, the independence of enterprises, are not infringed upon.<sup>20</sup>

In the ultimate analysis a proper coordination between economic control and enterprise management is definitely necessary for the sake of efficiency. Interference by higher authorities for such coordination is sometimes definitely welcome but at the same time, in many cases, it obstructs an otherwise smooth working of an enterprise or organs immediately above it. Mrs J Kesceru, Minister for Light Industry, made the following revealing remark in an interview in 1974:

The assertion that we leave enterprises to their own devices does not appear to me to be characteristic of the present time. On the contrary, we have been recently interfering more and more in the affairs of enterprises. I do not wish to dwell on to what extent this could be considered a positive or a negative factor. Such "interference" was unavoidable. *This activity was partly expressed in the need to co-ordinate the government plan and enterprise plans, in the overcoming of the contradictions existing between them and the changes in economic regulators (emphasis added).*

<sup>1</sup> S Protserov, "Prava i otvetstvennost predpriatii" (The Rights and Responsibilities of Enterprises), *Planovoe Khoziaistvo*, January 1966, p 64.

<sup>2</sup> W Brus, *The Economics and Politics of Socialism*, London, 1973, p 9.

<sup>3</sup> R Bicanic, *Development of the Socialist Economy of Yugoslavia*, London, 1973, pp 46-47.

<sup>4</sup> Josef Lenart, "Improvement of the Organisation and Planned Management of National Income", report submitted at the plenary session of the Central Committee of the Communist Party of Czechoslovakia, *Eastern European Economics*, Summer 1965, p 43.

- <sup>5</sup> Tamas Bauer, "The Contradictory Position of the Enterprise under the New Hungarian Economic Mechanism", *Eastern European Economics*, Fall 1976, pp 3-4.
- <sup>6</sup> M Keren, "The New Economic System in GDR—An Obituary", *Soviet Studies*, April 1973, p 573.
- <sup>7</sup> J Lenart, *op cit*, p 49. Emphasis added.
- <sup>8</sup> G Zhelev, "Improving the Economic Mechanism of the Management of the National Economy", *Eastern European Economics*, Winter 1972-73, p 56.
- <sup>9</sup> *Ibid*, p 57.
- <sup>10</sup> K K Das Gupta, "Decade of Economic Reform in Soviet Union and Ideology of Socialist Economy, 1965-75", *Mainstream*, 12 July 1980, p 20.
- <sup>11</sup> R Eichler, K Gerhardt, and L Wunderlich, "Zu einigen Problem der Bewertung in der sozialistischen Wirtschaft" (Some Problems of Evaluation in a Socialist Economy), *Beitrage aus Forschung und Lehre-Hochschule fur Okonomie Bruuo Leuschner*, Berlin, 1/1977, p 17.
- <sup>12</sup> Tamas Morva, "Planning in Hungary", in Morris Bornstein (ed), *Economic Planning, East and West*, 1975, p 278.
- <sup>13</sup> Article by Gabor Ravesz, in Hohmann, Kaser and Thalheim (ed), *The New Economic System of Eastern Europe*, London, 1975, p 157.
- <sup>14</sup> *Ibid*.
- <sup>15</sup> *Ibid*, p 158.
- <sup>16</sup> Ivan Berend "The Investment System", *Eastern European Economics*, Winter 1975-76, p 12.
- <sup>17</sup> Morva, *op cit*, p 282.
- <sup>18</sup> David Granick, *The Hungarian Economic Reform*, Indiana University, 1972, p 7.
- <sup>19</sup> Tamas Bauer, *op cit*, p 5.
- <sup>20</sup> I Friss, "Ten Years of Economic Reform in Hungary". *Acta Oeconomica*, vol 20, No 1-2, 1980, p 12.

ABANTI KUNDU

*Pattern of Organization of the Handloom  
Industry in West Bengal*

PART ONE

COTTAGE and small scale industries, of which handloom weaving is an important constituent, constitute an integral and continuing element in our economic structure and framework of national planning. This sector is not to be viewed in isolation and as a static part of the economy, but rather as a dynamic and efficient decentralized sector which, on the one hand, is closely integrated with agriculture and, on the other, with large scale industry. This principle was the basis of our plan period policy formulations which were designed to bring about adequate improvements in the sector through different development schemes and programmes. It was only during the second plan that the employment objective of traditional village cottage industries was fully recognized.

The second plan accorded a high priority to industrialization, particularly to the development of basic and heavy industries, for attaining a sizable expansion in the national income. It was expected that investment in basic industries would create demands for consumer goods, but the block up of scarce capital in basic and heavy industries would, at the same time, restrict financial allocation for consumer goods production. Also, the capital intensive modes of production of large scale manufacturing would absorb comparatively less manpower. Therefore, in an effort to

meet the gaps in consumer goods supply and for extending employment opportunities, Indian planners thought of encouraging the traditional cottage sector which could economize the investment on consumer goods and support maximum labour utilization.<sup>1</sup> The Village and Small Scale Industries Committee was appointed by the Planning Commission in June 1955 to formulate the development programmes for the sector and to evaluate the problem connected with their implementation.<sup>2</sup> The handloom industry thus received considerable attention in the national and state development programmes. This is shown by the trend of plan period expenditures on village and small industries (Table I).

Handloom weaving has a long tradition of excellence and craftsmanship. The industry has adapted itself to modern times, characterized by a keen competition from more effectively organized and productive mill sector and changes in sartorial fashion and taste. It has been well established that the handloom cloth has a promising role to play in the textiles market, and given ade-

TABLE I  
TREND OF ESTIMATED PLAN EXPENDITURES (Rs crores)

	<i>I Plan</i>	<i>II Plan</i>	<i>III Plan</i>	<i>IV Plan</i>	<i>V Plan</i>
1 Handloom industry	11.1 (35.58)	29.7 (16.5)	25.37 (10.54)	29.21 (11.64)	80.63 (20.79)
2 Powerlooms	—	2.0 (1.11)	1.52 (0.63)	3.26 (1.30)	1.53 (1.39)
3 Khadi and village industries	12.5 (40.06)	82.4 (45.78)	39.33 (37.10)	102.66 (40.90)	126.38 (32.59)
4 Smallscale industries	5.2 (16.67)	44.4 (24.67)	86.12 (35.77)	70.33 (28.02)	121.89* (39.43)
5 Industrial estates	—	11.6 (6.44)	22.15 (9.20)	15.73 (6.27)	17.64 (4.55)
6 Handicrafts	1.0 (3.20)	4.8 (2.67)	5.30 (2.20)	6.24 (2.48)	14.94 (3.85)
7 Silk and sericulture	1.3 (4.17)	3.1 (1.72)	4.39 (1.82)	8.39 (3.34)	19.23 (4.96)
8 Coir industry	0.1 (0.32)	2.0 (1.11)	1.79 (0.74)	4.49 (1.79)	5.55 (1.43)
9 Rural industries project	—	—	4.79 (1.99)	10.13 (4.03)	—
10 Collection of statistics	—	—	—	0.57 (0.23)	—
Total	31.2	180.0	240.76	251.01	387.79

SOURCE: Second, Third, Fourth and Fifth Five Year Plans, Government of India, Planning Commission.

NOTE: Figures in brackets denote percentage share of the respective total.

\*. Includes centrally sponsored schemes of the rural industries project and collection of statistics.

quate protection and support, it can serve a very large internal market as evidenced by the fact that handloom fabrics account for one-third of the total cloth production in India.<sup>3</sup> Besides, handloom products have a large export potential which is explicit from the fact that exports of handloom fabrics from India steadily increased from Rs 300 million in 1971-72 to Rs 1000 million in 1974-75.<sup>4</sup> The contemporary export market for West Bengal handloom products has also been quite promising as can be inferred from the steadily rising share (from 41.22 percent in 1970 to 45.2 percent in 1976) of export of West Bengal handloom products in the total handloom exports through Calcutta port and airport.<sup>5</sup>

Above all, this cottage industry has a vital role to play in employment generation in the state economy. According to an estimate made in 1978 by a study team appointed by the Ministry of Industry, Government of India, the sector provided work, primary as well as subsidiary in nature, to 10 million people in India and 0.49 million weavers in West Bengal.<sup>6</sup>

Notwithstanding the reasons and latent possibilities that justify the promotion of the handloom weaving industry in West Bengal, the state intervention for its rehabilitation has throughout been limited to mere bureaucratic formalities, devoid of insight into the prevailing pattern of economic relationships in this sector. The varied constraints faced by the handloom weavers in the state, in general, include low income and irregular employment, a monopolistic control of *mahajans* or middlemen in the production and distribution system, a weak infrastructural base for marketing and distribution, low level of technological improvements, lack of diffusion and skill among weavers and absence of a non-traditional production base and so on, all of which, broadly speaking, are reflections of the inherent lacuna in the production system and organizational structure of the industry.

It is with this perspective that an attempt has been made in this paper to assess the development and pattern of organization of the handloom weaving industry in West Bengal and highlight the hiatus in the organizational framework thereof.

### ORGANIZATIONAL ASPECTS

The organization of the industry encompasses a set of functions which guide the production system and relations. These are: i) supply and distribution of yarn and other inputs; ii) collection and marketing of finished products; iii) arrangement of pre-weaving and post-weaving ancillary facilities to the weavers; iv) promot-

ing improvements and innovations in the prevailing technology, design and skill; v) provision of finance.

The smooth functioning of the production system depends largely on the availability of raw materials and other inputs at reasonable rates and sale of finished products. This requires the existence of a copious and well organized raw material source as well as an efficient distribution and marketing infrastructure which can curb the present monopoly of *mahajans*. Unfortunately, it is the failure of the government to control the supply, distribution and marketing operations and to arrange ancillary facilities to the weavers that encourages the infiltration of *mahajans* into the system, who ultimately enjoy the final profit margin. Notwithstanding the various efforts initiated by the government for instituting an efficient infrastructural base to develop organizational control over the handloom weaving industry in the state, it is the *mahajans* who are in the forefront with a parallel but much more efficient organizational system for production, distribution and marketing and also for innovations in designs, patterns and techniques of weaving.

### *Pattern of Ownership*

On the basis of the difference in the types of ownership we may distinguish four major classes of weavers:<sup>7</sup> a) *mahajan*, b) master-weaver, c) owner/independent weaver and d) wage worker. Both *mahajans* and master - weavers enjoy almost an equally dominating status in the weaving community, but the characteristic difference between the two groups lies in the fact that the master-weavers usually work themselves on one of their looms and engage wage-workers on the other looms. *Mahajans* do not normally work on looms; they are the suppliers of yarn to their wage-workers as well as selling agents for their products on the basis of a wage system.<sup>8</sup> Thus, in spite of their non-active participation in production function, the *mahajans* are in a position to assert an indirect but oligopolistic control over the entire production and market mechanism in the handloom sector in West Bengal and enjoy the lion's share of the profit. Detailed cost structure for certain handloom products from three core weaving districts of West Bengal is given in Table II. It brings out the profit of a *mahajan*, or of a master-weaver, from the first-hand transaction of these products. The total from each product, however, multiplies and is shared by different middlemen operating in various tiers of marketing organization by the time a product reaches the final consumer.

TABLE II

COMPARATIVE COST STRUCTURE OF DIFFERENT HANDLOOM PRODUCTS IN SELECTED DISTRICTS OF WEST BENGAL

<i>District</i>	<i>Types of the products</i>	<i>Material input</i>	<i>Wage including preparatory charges</i>	<i>Overhead charges</i>	<i>Total cost of production</i>	<i>Sale price</i>	<i>Profit</i>
1	2	3	4	5	6	7	8
NADIA	1 100s × 100s Tangail sari with ground designs and with extra weft	22.90	33.00	1.10	57.00	70.00	13.00
	2 100s × 100 coloured sair with jacquard designs on the border	22.40	25.00	1.10	48.50	60.00	11.50
	3 80s × 80s coloured sari with aquard design on the border	18.50	14.50	1.00	34.00	40.00	6.00
	4 100s × 100s coloured sari with plain border	20.10	13.00	1.00	34.10	40.00	5.90
	5 80s × 80s coloured sari with plain border	16.00	10.00	1.00	27.00	30.00	3.00
	6 60s × 60s coloured sari with plain border	12.60	3.80	0.60	17.00	18.00	1.00
	7 60s × 60s coloured check lungi	8.00	3.50	0.55	12.5	13.00	0.95
	8 60s × 60s Bengal Jharna shirting	3.85	1.50	0.25	5.60	6.50	0.90
	9 2/20s × 2/20s furnishing fabric	6.30	1.75	0.40	8.45	9.00	0.55
	10 2/30s × 30s (two fold) suiting	4.65	1.50	0.20	6.35	6.80	0.45
	11 40s × 40s Janata sari with plain border	10.70	2.45	0.25	13.40	13.44	0.04
	12 100s white dobby sari with muga	49.50	16.25	0.40	66.15	70.22	4.07
	13 100s coloured dobby sari with buttas	38.20	19.00	0.40	57.60	61.19	3.59
	14 100s coloured dobby sari with checks	34.76	15.00	0.40	50.16	53.19	3.03
	15 100s white dobby border sari	33.77	14.00	0.40	48.17	51.00	2.83
	16 100s white plain border sari with muga	27.50	12.00	0.25	39.75	42.25	2.50

HOOGHLY



## HANDLOOM INDUSTRY

23

1	2	3	4	5	6	7	8
17	100s white Kathkal naksha sari	27.76	11.50	0.25	39.51	41.99	2.48
18	80s white dobbey border sari	22.95	10.00	0.40	33.35	35.26	1.91
19	80s coloured dobbey border sari	25.89	10.75	0.40	37.04	39.15	2.11
20	80s white 1" plain border sari	17.28	8.50	0.25	26.28	27.53	1.25
21	120s 11 x 50" naksha dhuti	28.04	13.00	0.25	41.29	44.99	3.70
22	100s 11 x 50" naksha dhuti	27.14	12.25	0.25	39.64	42.12	2.48
23	80s 11 x 50" naksha dhuti	18.49	8.75	0.25	27.49	29.13	1.64
MIDNAPORE 24 Finishing fabrics							
	a) 40s x 32s gauge	7.55	2.10	0.10	9.75	10.77	1.02
	b) 40s x 32s bandage	13.00	3.20	0.10	16.30	16.79	0.49
	c) 2/17s x 4s sofa cover	9.00	2.00	0.10	11.10	11.75	0.65
	d) 2/40s staple x 2s sofa cover	12.00	3.00	0.10	15.10	16.00	0.90
	e) 2/17s x 2/26s screen	5.50	1.50	0.10	7.10	7.50	0.40
25	2/80s x 60s plain shirting	8.00	1.25	0.10	9.35	10.00	0.65
26	2/40s x 2/40s check shirting	6.00	1.50	0.10	7.60	8.00	0.40
27	2/30s x 20s towel	4.75	1.25	0.10	6.10	6.50	0.40
28	26s x 26s lungi	4.50	1.50	0.10	6.10	6.35	0.25

source: District handloom development offices, Nadia, Hooghly, Midnapore.

The report of the Fact Finding Committee (Handloom and Mills) 1942, describes the different types of middlemen operating in the handloom industry in India: "There is first of all, the sowcar-weaver (often called master-weaver) who employs under him weavers mostly of his own caste. Secondly there are the merchants, either of yarn or cloth or both, who are keenly interested in the supply of cloth of qualities required and in adequate quantities. They can indeed purchase goods at markets and hats, but they consider it advantageous to employ labourers to produce what they want. Thirdly, there are the Karkhanadars who bring the weavers together into small factories or workshops. The first two types of employers leave the weavers to work in their own looms and other appliances; rather, they prefer this because they could get work done without incurring the cost of looms and working sheds. This is indeed analogous to the 'Domestic System' which prevailed in the English textile industry before the Industrial Revolution"<sup>9</sup> This description, therefore, identifies the master-weavers somewhat differently from the typical master-weaver of Bengal.

As regards the master-weavers, the report states: "The term master-weavers was used in Medieval Europe for the independent craftsman who worked in his own home with a few apprentices learning the trade and possibly with a journeyman or two who not being equipped to start off had to work as day-labourer. Thus the master-weaver was not an employer of labour, and he paid no regular wage to the apprentices who learned weaving under him. Such master-weavers have been in existence in India also, at any rate in the bigger centres, and in the days when the caste system worked somewhat like a guild, the master-weaver took apprentices from his caste for training and assistance. But in modern times, owing to the growing prospects of trade, some of the well-to-do weavers have set up as merchants, and they employ their fellow caste-men under them for a wage or on other forms of contract".<sup>10</sup>

The owner/independent weaver has his own loom and raw material and thus works independently. But usually his economic status is far from satisfactory. The Fact Finding Committee (Handloom and Mills) stresses that "theoretically the economic position of the independent weaver is excellent. He is free to produce what he wants and work when it is convenient for him. He works in the midst and with the assistance of his family. But all this does not help him in business. He has only a limited market and when there is no demand for his cloth, he is not able to hold back his produce until price improves. He often sells his cloth in

the bazar on the Gujarī or direct sale basis because he cannot wait, and therefore when he is pressed for money he would even sell his cloth at anything above the cost of yarn. Thus ordinarily the earnings of the independent weaver are low and his economic condition is unsatisfactory."<sup>11</sup>

The wage-worker is essentially dependent on *mahajans* or master-weavers for either raw material or for both loom and raw material to earn his subsistence. Among the wage earners a few work with the primary weavers' societies, but often these societies fail to provide the member with year long employment. While a wage earner is working for the master-weaver on master-weaver's loom, the wage is for individual labour, whereas the wage-worker employed by the *mahajan* working with his own loom and appliances gets the assistance from his family members. In accordance with the two types of wage systems, as discussed earlier (footnote 8) two types of wage-workers, namely, "contract worker" and "out-worker," can be recognized; the contract worker works on a contract basis for a merchant or sowcar-weaver, while the out-worker weaves with the raw materials supplied by the middleman for a fixed piece wage, part of which is sometimes given as an advance. Table III gives the estimated production and earning per loom under different wage systems.

### *Spatial Distribution of Marketing Centres*

The local handloom markets exhibit a denser spatial concentration and act as more active nerve centres for yarn and handloom cloth trading, compared to the government distribution and collection centres. On an average, 90 percent of business in handloom fabrics and yarn in the state is carried through these local markets. That the *mahajans* enjoy an absolute authoritative position in controlling the transaction in such local marketing centres is explicit from an account compiled in the *Report of the Fact Finding Committee (Handloom and Mills)*:

"In the big hats and shandies, the bigger merchants buy handloom products. In such big shandies and hats, the weekly transactions run into thousands of rupees. Such are the big hats of Bengal, e. g., the Howrah hat, the Kumarkhali hat, Babur hat and the Pollachi fair of Madras. Such hats and shandies appear to be the clearing centres for cloth produced in a number of neighbouring handloom centres. The special feature of the Howrah hat is that the stalls are owned by the *paikars* or *mahajans* from the producing centres. Very few weavers visit this hat. The village weavers dispose of their goods to the local *mahajans* who, in their

TABLE III

ESTIMATED PRODUCTION AND EARNING PER LOOM IN A PARTICULAR AREA UNDER DIFFERENT WAGE SYSTEMS IN MONTH OF 25 WORKING DAYS

Production over jacquard loom per month	Wage rate per piece	Production of plain border over pit loom per month	Wage rate per piece	Expected average income of a weaver over jacquard loom	Expected average income over plain border pit loom per weaver	Remarks	
(No of pieces)	(Rs)	(No of pieces)	(Rs)	(Rs)	(Rs)		
Co-operative sector:							
100s count sari	24	9.00	26	7.50	216.00	Wages enjoyed by whole family of weaver	
80s count sari	24	8.00	26	7.50	192.00		
60s count sari	30	6.00	33	5.00	180.00		
Master-weaver:							
100s count sari	24	7.50	26	5.50	180.00	Wages enjoyed by particular weaver.	
80s count sari	24	6.75	28	5.00	162.00		
60s count sari	30	5.00	33	4.00	150.00		
Mahajan-A:							
100s count sari	24	9.00	26	7.50	216.00 + 2pcs of saris	195.00 + 2pcs of saris	Wages enjoyed by whole family
80s count sari	24	8.00	26	7.00	192.00 + 2pcs of saris	182.00 + "	" "
60s count sari	30	6.00	33	5.00	180.00 + 2pcs of saris	165.00 + "	" "
Mahajan-B:							
The rate is fixed with the weaver calculated on the basis of rate of yarn and the usual wage rate in the particular locality for particular quality of the cloth prevailing on the day of agreement. The rate is final for a fixed time period.							Wages enjoyed by whole family of waaver

SOURCE: Report on Regional Seminar on Handloom Weavers' Cooperative for Eastern States, 1978, p 128.

turn, take the goods to their stalls at the Howrah *hat*. The wholesale dealers and local shopkeepers who visit this *hat* ordinarily buy on credit from the *paikars* and the account is settled once in three months. Another special feature is that dhotis and saris are generally bought in a grey state from this *hat*, and are subsequently bleached by the shopkeepers themselves."<sup>12</sup>

The spatial location of these *hats* in the heart of weaving clusters adds to their somewhat better accessibility for weavers which in turn favours a closer linkage between the *mahajan* and poorer weavers. Over and above this these *hats*, by virtue of their involvement in the distribution of yarn, procurement and selling of finished goods all at a time, attract a wider section of weavers than do the government depots which have seldom been functionally integrated to the extent of a local handloom *hat*. The disparity between the spatial clustering pattern of local *hats* and that of government yarn distribution, cloth procurement and sales depots is the most telling feature of the overwhelming *mahajani* control on the organizational set-up of the industry (Tables IV and V)

The government intervenes in the organizational system of the industry through several agencies. Among the government distribution, marketing and production agencies, the West Bengal State Handloom Weavers' Co-operative Society Limited or the Apex Society, is the oldest and the most effectively functioning

TABLE IV

LOCATION OF GOVERNMENT DISTRIBUTION / Collection  
CENTRES FOR HANDLOOM CLOTH, 1974-75

<i>District</i>	<i>Name of the organization</i>	<i>Central cloth receiving centre</i>	<i>Yarn distribution centre + sales depot</i>	<i>Yarn distribution, cloth procurement centres</i>
Nadia	Apex society	Badridas Temple Street, Calcutta	Shantipur, Ranaghat	—
Hooghly	Apex society	„	Rajbalhat	—
Midnapore	Apex society	„	Tamluk, Jhargram	—
Nadia	Handloom and Powerloom Development Corporation (HPDC)	—	—	Shantipur
Hooghly	HPDC	—	—	—
Midnapore	HPDC	—	—	Radhamohni (Tamluk)

SOURCE: Directorate of Handloom and Textiles, Government of West Bengal.

TABLE V

LOCATION OF IMPORTANT HANDLOOM HATS/MARKETS IN SELECTED CORE DISTRICTS

<i>District</i>	<i>Location of Hat</i>	<i>Marketing Day</i>
HOOGHLY	Rajbalhat	Daily
	Magra	"
	Tribeni	"
	Serampore	"
	Chandannagore	"
	Tarakeswar	"
	Arambagh	"
	Dhaniakhali	"
	Begampur	"
	Chanditala	"
	Haripal	"
	Chinsura	"
	Sahaganj	"
	Chapdani	"
	Momhat	"
	Dasghara	"
	Uttarpara	"
	Jansi	"
	Jangipara	"
	Banshberia	"
NADIA	Pandua	Bi-weekly
	Sarbhujuhat (Shantipur)	Daily
	Sutragarh Hat	Bi-weekly
MIDNAPORE	Nawadip Hat	"
	Midnapore Town	Daily
	Kharagpur Town	"
	Ghatal Town	"
	Jhargram Town	"
	Belda	"
	Dadkumra	Bi-weekly
	Chandrakona Road	"
	Salboni	"
	Contai	"
	Gobinda Bazar	"
	Bhajachauli	"
	Satmail	"
	Egra	"
	Paniparul	"
	Pratapdighi	"
	Nazir Bazar	"
	Deulihat	"
	Monglamar	"
	Mirgoda	Weekly
	Radhamohni	"
	Golmaguri	"
	Mahishadol	"
	Belpahari	"
	Shilda	"
	Khanika	"
	Khakurda	"

SOURCE: Directorate of Handloom and Textiles, Government of West Bengal.

one.<sup>13</sup> The principal objectives of the society are:

- a) Organization of handloom industry in the state on a co-operative basis by arranging production and sale of handloom fabrics on commercial lines.
- b) Procurement of finished products from its member societies on the basis of 60 percent yarn and 40 percent cash payment and provision of dyestuffs and chemicals.
- c) Consolidation of its base structure by enrolment of new member societies.
- d) Production diversification and design modification in collaboration with Palli Sangathan Bibhag, Vissva-Bharati, Weavers' Service Centre and others.
- e) Provision of better wages, amenities and year-long employment to society member weavers and dividend to shareholders.

The Apex Society arranges for the retail marketing of the finished products of its member societies and distribution of yarn, dye-stuffs, or improved appliances through either its own 33 depots,<sup>14</sup> named Tantuja, or the selling counters of member societies in different districts. For marketing its products, it also takes part in exhibitions and industrial fairs within and outside the state, but the collection of finished cloth from the primary societies is done only at its single central depot at Calcutta, in the absence of receiving centres in the districts.

It is with the objective of organizing the handloom production outside the cooperative sector that the state government set up a complementary government enterprise to the Apex Society, Handloom and Powerloom Development Corporation (HPDC) in 1973. The corporation aims to supply yarn and other inputs and to collect and sell finished products outside cooperatives, through its yarn distribution and servicing centres, cloth receiving centres and sales depots in the district.<sup>15</sup>

The supervision and management of the intensive development project and export production project, taken up by the government during the fifth plan, have been entrusted to H P D C. The intensive development project is designed to serve, in two different parts, 4000 looms under dormant societies in Malda and West Dinajpur districts and 6000 looms under dormant societies in Nadia district in a period of five years. The project intends to a) meet the yarn requirement of weavers, b) arrange for the modernization of looms, c) organize the training of weavers, d) fulfil the credit requirement of weavers through nationalized banks, e) arrange for the marketing of not less than 50 percent of

the handloom production, f) organize extension service for transfer of a higher level of technology to the weavers' service centre, g) maintain a raw material bank with adequate source of yarn, dyes, and chemicals and spare parts for looms so that a continuous supply of inputs to the weavers in the unit can be maintained; if necessary, to organise a suitable dyeing unit in support of its production programme.<sup>16</sup>

The progress of the project, however, cannot be regarded as satisfactory; with a target of bringing 2000 looms under the project in 1977-78, it has been able to include only 200 looms during the same period.<sup>17</sup> The financial requirement is also not totally fulfilled because out of the total granted capital of Rs 18.5 millions to be paid up by the central and state governments during five years of its operation, only Rs 11,27,000 has so far been allotted to this project.<sup>18</sup>

### *Diversification of Production*

For creating a non-traditional diversified production base with shirting, suiting and furnishing fabrics, the export production project was proposed by the central government in the fifth plan. It is contemplated that the project will operate for a period of five years, enrolling 200 members in each year in each of the five units that are to be located at Bankura, Burdwan, Midnapore, Murshidabad and Birbhum districts.<sup>19</sup> The entire production will be lifted by the implementing agency through local depots.<sup>20</sup> For dyeing and bleaching of hank yarns and printing of finished cloth a modern unit is proposed to be inaugurated at Sukhchar in 24 Parganas under this project.

In West Bengal, the All India Handloom Fabrics Marketing Cooperative Society Limited, a multi-state society, runs its business through its one sales depot (Handloom House) at Calcutta and participates in a partial marketing of handloom products from this state. The other marketing agencies are government sales emporia, like Khandi Gramodyog sale depots, RIC sales depots, Samavaika selling counters.

Weavers' service centre at Calcutta has been working as a central extension organization for experimental research in weaving techniques and design innovations, distribution of new designs and improved technological methods to production units, and provision of specialized training to weavers, dyers and pattern makers. A central design centre is functioning at Calcutta under the Directorate of Handloom and Textiles.<sup>21</sup> During the fifth plan the government set up an experimental research centre at Tamluk



for the production of non-traditional handloom products, mainly furnishing fabrics. Mention can also be made of another government textile testing laboratory at Serampore, Hooghly. Besides, six advanced and 13 preliminary weaving centres attached to the district handloom development offices in the state impart regular training facilities in weaving and design to the weavers.<sup>23</sup>

(To be concluded)

[The author is grateful to N Krishnaji and Sunil Munshi for their valuable suggestions on an earlier draft.]

- <sup>1</sup> *Third Five Year Plan*, p 426. According to the industrial policy resolution of 1956 and the second five year plan, village and small industries were sought to be encouraged in order "to create immediate and permanent employment on a large scale at relatively small capital cost, increase demand for consumer goods and simple producers' goods, facilitate mobilization of resources of capital and skill which might otherwise remain inadequately utilized and bring about integration of the development of these industries with the rural economy".
- <sup>2</sup> This committee, known as Karve committee, also recommended the promotion of traditional small enterprises and glorified, somewhat on Gandhian lines, the self-employment virtue of small industries; *Report of the Village and Small Scale Industries Committee*, Delhi, Planning Commission, p 22.
- <sup>3</sup> N Ghosal, "Rehabilitation of Handloom Industry in West Bengal", *Industrial Situation in India*, Vol IV, No.4, October 1975, p 141.
- <sup>4</sup> *Ibid*, p 141.
- <sup>5</sup> Calculated from the unpublished figures furnished by the Textiles Committee's regional office, Calcutta. Detailed figures show that the amount of handloom products exported from West Bengal registered a steady growth from 12.94 million metres in 1970 to 22.24 million metres in 1976 while the total handloom exports through Calcutta port and airport were 31.4 million metres and 49.20 million metres respectively. For the same time points, the corresponding exports of cotton handloom products from West Bengal were estimated to be 4.31 million metres in 1970 and 10.97 million metres in 1976.
- <sup>6</sup> *Report of the Study Group to Review the Working of the Reserve Bank of India Scheme for Handloom Finance*, New Delhi, Ministry of Commerce, Government of India. 1978f p 5.
- <sup>7</sup> Based on my field observations. For further information see A K Chakravarty. "Wages in Handloom Industry: West Bengal", *Report on Regional Seminar on Handloom Weavers' Cooperative Union of India*, mimeo, pp 122-124.
- <sup>8</sup> *Ibid*, p 123-124. The author identifies two types of mahajan systems. In the first case, the mahajan lifts the finished products by paying the wage-earning weaver a fixed wage or bani per piece of product. In the second case, the wage-earner has to supply a fixed number of products to the mahajan at a contracted rate within an agreed period, say three to five months. The contract rate is agreed upon by the mahajan and wage-earners on the basis of rate of yarn and wage rate prevailing on the day of agreement. The rate is final for the fixed time period and hence does not vary with fluctuations in the yarn and wage market.
- <sup>9</sup> *Report of the Fact-Finding Committee (Handloom and Mills)*, 1942, p 71.
- <sup>10</sup> *Ibid*, p 72.
- <sup>11</sup> *Ibid*, pp 79-80.
- <sup>12</sup> *Ibid*, p 137.
- <sup>13</sup> The society was registered under the Bengal Co-operative Societies Act in 1954,

Initially it was under the supervision of a management committee, but in 1973 the state government took it over and entrusted its management to a board of administrators.

- <sup>14</sup> The figure was upto 1978. The number of 'Tantuja' sales depots have progressively increased during the subsequent years.
- <sup>15</sup> The procurement of cloth is done by paying 60 percent of cloth price in yarn and 40 percent in cash.
- <sup>16</sup> *Intensive Development Project Report*, Directorate of Handloom and Textiles, Cottage and small-Scale Industries Department, Government of West Bengal, pp 1-2.
- <sup>17</sup> *Paschim Banger Tant Shilpa*, 1977.
- <sup>18</sup> *Ibid.*
- <sup>19</sup> *Report on Export Production Project*, Government of West Bengal, 1976, p 1. The total expenditure of the project has been fixed at Rs 40 lakhs to be paid as 75 percent loan and 25% percent grant by the Central Government.
- <sup>20</sup> The project is to be linked up with some established export houses like the All India Handloom Fabrics Marketing Society Limited or the Handloom and Handicraft Export Corporation of India Limited or any other private trading agency that will take the bulk of the production for sale through their own channel for export.
- <sup>21</sup> As a corollary to the emphasis on technological improvement in the handloom sector, the state government has taken up a scheme for promoting semi-automatic looms, especially to enhance the production of cloth upto 60s by 50 percent.  
With a view to providing an impetus for weaving novel designs as well as varied products, cash prizes are awarded to the artisans and designers and certificates of merit are distributed on the basis of district and state level competitions.
- <sup>22</sup> *Paschim Banger Tant Shilpa*, *op cit*, 1978. Each preliminary training centre trains 65 weavers in a year with a stipend of Rs 20 per month to each trainee, and advance training centres train 24 trainees a year with Rs 50 as stipend per trainee per month.

leadership of the CPC.

However, the channelization of youth energies after liberation has been one of the main preoccupations of the CPC. In fact, it is in this sphere that the party faced and is still facing serious problems since it is this section of the population that has played a key role in economic development in China. More than 600 millions out of China's total population of 900 millions were born after 1949.<sup>1</sup> Thus, the bulk of the population either falls in the working age group or is about to enter this age group (15 to 56 years). According to estimates given in the *CIA Handbook of Economic Indicators*, in 1975, around 13 percent of the children was less than four years old, 25 percent was in the age-group of 5 to 14 years, 20 percent in the age group of 15-24 years and 36 percent in the age group of 25-59. Only 6 percent was above 60 years. Thus, in 1976, about 56 percent of the Chinese population was in the working age group.<sup>2</sup> In addition, the Chinese government was confronted with the gigantic task of providing employment to 12 to 20 million new entrants every year. It has been estimated that since 1949 at least 200 million fresh jobs were needed to absorb this increasing work force.<sup>3</sup>

### *Building of Industrial Base*

The CPC inherited a poor and backward economy from the Kuomintang (KMT). It was semi-feudal in character with four-fifths of the population depending on agriculture, out of which 10 percent occupied 70 percent of the total agricultural land. The industrial sector was very small and confined to the coastal areas only. The CPC, after attaining control of the country, adopted the Soviet model of development. Accordingly, the foundation of a comprehensive industrial structure was sought to be laid during the first five-year plan. Over 50 percent of the state funds was allocated to capital goods industries, whereas only 6.2 percent of the state funds was allocated to agriculture. Besides, the Soviet Union volunteered to provide 300 modern industrial plants to China during 1953-1967. She also promised to provide educational facilities to Chinese students in the Soviet Union. The broadening of the industrial base required a large number of scientists, technicians and educated youth. For example, the ministry of heavy industry alone needed not less than 6,000 graduates in engineering within five years and the ministry of fuel 660 graduates in geology and mining and the ministry of forestry and land reclamation 100 persons in one year.<sup>4</sup> But in 1949, the total number of students enrolled in technical institutes was 117,000. In

1955 this reached 288,000 and 441,000 in 1957. Besides, 229,000 students were enrolled in technical middle schools in 1949, whose number rose to 537,600 in 1955. The target for 1957 was sought to be over 778,000.<sup>5</sup> The number of graduates in different technical professions in different periods is given in Table I.

TABLE I

## NUMBER OF GRADUATES FROM INSTITUTES OF HIGHER LEARNING

Year	Engineering	Agriculture	Economics and finance	Medicine	Natural sciences	Pedagogy	Liberal arts
1949	4,752	1,718	3,137	1,314	1,584	1,890	2,521
1955	18,614	2,614	4,699	6,480	2,015	12,133	4,679
1957	17,161	3,104	3,651	6,200	3,524	15,948	4,294

SOURCE: *Ten Great Years*, Peking, 1960, p 196.

Guo Moro in his *Report on Culture and Educational Work to the Third Session of the First National Committee of the Chinese People's Political Consultative Committee (CPPCC)* stated: "According to the preliminary statistics compiled by the different quarters, the need for national construction cadres within 5-6 years shall necessitate some, 15000 senior technical cadres, and administrative cadres, 500,000 intermediate technical cadres, 10,000 teachers in higher education, 100,000 teachers in secondary education 1,500,000 teachers in elementary education and 200,000 senior and intermediate health cadres. Large numbers of financial, political, judicial and minority nationalities cadres shall also be needed."

In the first half of 1950, there were 195 institutions of higher education with an aggregate enrolment of 128,000 throughout the country. In the same year, 17,400 students graduated from institutions of higher education. There were 507 technical schools for training intermediate technical cadres with a total enrolment of 110,000. There were 605 normal schools for training elementary teachers with an enrolment of 165,000 and 4,015 ordinary middle schools with 1,290,000 students, of whom one-fifth

TABLE II

## NUMBER OF STUDENTS IN VARIOUS INSTITUTES

Year	Institutes of higher learning	Technical middle schools	Middle schools	Primary schools	Spare time institutes of higher education	Spare time technical middle schools	(in thousands)	
							Spare time middle schools	Spare time primary schools
1949	21	72	280	2,387	0.1	0.1	—	—
1955	55	235	969	10,254	15.9	195.0	1,167	4,538
1957	56	146	1,299	12,307	75.9	588.0	2,714	6,267

SOURCE: *Ten Great Years*, Peking, 1960, pp 194-198.

was in the senior middle schools.<sup>6</sup> The total number of graduates from various educational institutions from 1949 to 1957 is given in Table II.

It shows that in the early 1950s the demand far outstripped the supply of educated and technical hands. Educated people were needed not only to man the white-collar jobs in the industrial sector but also to man the growing educational institutions. This gap was bridged by opening various kinds of full-time and part-time schools and by sending a large number of students to the Soviet Union for advance studies.

By 1957 the position was reversed when mobility from primary to junior middle schools increased while that from junior middle schools to institutions of higher learning decreased. For example, in 1949, one out of 29 primary school students could enter junior middle schools. In 1957 this was increased to the ratio of 1:13, in 1965 to 1:9, and in 1974 to 1:7. The position in 1949 was that out of every four students, one used to enter the senior middle school. This mobility was reduced to the ratio of 1:5.8 in 1957 and 1:5.7 in 1975. It was reported that after 1965 only about 40 percent of the junior middle school students went to senior middle schools. In the case of higher education, the position was 1:1.8 in 1949, 1:2 in 1957, 1:3 in 1965. After 1965, the position was that only one out of 91 secondary students went for higher education.<sup>7</sup> It is reported that currently about 6 percent of children is unable to enter the school at all. Twenty percent of students passing out of the primary school is unable to get admission in junior middle schools and over 50 percent of the middle school students cannot enter senior middle schools. Only 5 percent of the senior middle school students can enter the university.<sup>8</sup> The reduced educational and employment facilities in the cities generated discontent among the youth.

### *City-ward Migration*

The expansion of educational facilities and job opportunities in the industrial sector in the early fifties resulted in city-ward mobility of the vast mass of rural population in 1956.<sup>9</sup> The total urban population in 1949 was 57.65 millions which rose to 92 millions in 1957.<sup>10</sup> Besides the growth of urban population, the steep rise in the strength of workers explains the growth of working population in the industrial sector. In 1949, the total strength of industrial labour was eight millions which rose to 19.07 millions in 1955 and to 24.10 millions in 1957.<sup>11</sup> The aforementioned data show that during the first five year plan immense job opportunities

were created to provide employment to all able bodied individuals within the age group of 15 to 59 years.

In 1949, there were four million jobless persons in China (presumably in the cities).<sup>12</sup> By 1953, 2.07 million unemployed persons were reported to have found jobs through government assistance. By 1957, only 70,000 out of this four million remained unemployed.<sup>13</sup> In spite of these impressive figures, unemployment was recognized as a major problem. In 1956, total unemployment was about 9 percent of the male population between the ages of 15 and 59 years.<sup>14</sup>

### *The Great Leap Forward Period*

However, during the first five year plan the burden of providing employment fell mainly on the industrial sector. About 19 percent yearly growth rate was registered in this sector absorbing about 14 million new job seekers. Most of them were from rural areas. By the end of the first five year plan, the employment situation in the industrial sector had reached a saturation point. At the same time, agricultural production also failed to keep pace with industrial development. In 1956-57, for example, the state procurement of grains as well as taxation in kind fell to 25.1 percent of the value of all grains produced.<sup>15</sup> The reverse trend in employment also limited the opportunities for going for higher education. Inadequate educational opportunities and job facilities invited student protests.<sup>16</sup> This imbalance in development generated discontent among different strata of population as well. To resolve these difficulties the CPC, in 1958, enunciated the policy of "Walking on Two Legs", which meant simultaneous development of industry and agriculture. It, however, did not mean development in these sectors at the same rate. Industry got priority over agriculture and heavy industry over light industry. The agricultural sector was compensated by increased labour deployment. Manual labour was used in improving soil, development of irrigation facilities, protection of plants, improving agricultural implements, and so on. Similarly, in industry, small labour intensive indigenous plants were opened and decentralized planning and administration encouraged. Thus, in 1958, some 300,000 small indigenous industrial establishments were opened and about 4.4 million workers recruited to these establishments. In addition, about 10 million peasants participated temporarily in industrial work during the off season in 1959. In 1958, employment in construction works increased by 3.4 millions. About two million workers, 85 percent of whom were women, were employed in the urban commune

industries in 1959-60, More than 100 million persons were engaged in water conservation work during the winter of 1957-58, of whom 73 millions were women. More than 67 millions were reported to have worked in afforestation projects in 1958. In 1959-60, around 70 million persons were reportedly engaged in water conservation work, 30 millions in forestry, animal raising, fisheries and subsidiary work, and 15 millions in public welfare services. By the autumn of 1959, more than seven million persons were mobilized for road building.<sup>17</sup>

Since statistical data were inflated during the post- Great Leap Forward period the reliability of these figures is questionable. But the new policy certainly ensured maximum utilization of available manpower for economic construction. In communes, women, who were relieved from their household responsibilities by the opening of communal messes, were engaged in agricultural production and, at the local level, in industrial production. The peasant's off-season leisure time was also utilized for industrial production. In the cities and towns, the opening of indigenous factories increased the demand for labour which further boosted the mobility of the rural population to cities. The urban population is reported to have increased from 107.64 millions in 1958 and to 130 millions in 1960. The *People's Daily* editorial on 25 August 1960 stated that during the preceding three years, there had been an increase of 20 million people in the cities. Whatever be the actual urban population in 1960, it is certain that the Great Leap Forward policy resulted in an unprecedented increase in the urban population. In 1960, the total number of employees was reported to have reached about 40 millions.

### *Youth Employment in the Post-Leap Period*

The unsuccessful implementation of the Great Leap Forward policy further upset the balanced development of the Chinese economy. The abolition of private plots had a negative impact on agricultural production. At the same time, consumption increased in the public messes. Natural calamities further diminished the total agricultural production in this period. In the cities indigenous plants failed to produce standard items. This forced the party to evolve a new strategy of balanced economic development. In such a situation the problem of providing jobs to the increasing urban population became more complex. Consequently, by the end of the decade, the need for reversing the city-ward mobility began to be felt acutely.

To put the economy on the right track, the agricultural

production had to be increased first. In 1961, the eighth plenum of the CPC Central Committee decided to scale down industrial production. The party is reported to have directed the cadres in the field to close down all the enterprises running in loss and to stop the practice of recruiting labour from rural areas. These steps helped in containing the city-ward mobility of the population. In 1962, a new economic policy with agriculture as the foundation and industry as the leading factor was enunciated.<sup>18</sup> The implication was that to boost industrial production, agricultural production had to be encouraged. It also implied that more labour power would be utilized in agriculture than in industry. Thus the new policy in a way made employment of educated youth in the countryside indispensable. For example, in 1963, Bo Yibo, chairman of the State Economic Commission, admitted: "We have drawn too much manpower from the rural areas to the cities. Natural calamities show that our urban population is greater than what our countryside can supply for. While our industry has been modernised, agriculture has not yet been mechanised. And until the mechanisation of agriculture, our urban population must be reduced from 130,000,000 to 1100,00,000."<sup>19</sup>

According to the new policy, job opportunities in the industrial sector were to be drastically reduced. It was predicted that in the next five years only five million urbanites would be able to get jobs in the industrial sector. This was 40 percent less than the jobs provided during the first five year plan period.<sup>20</sup> On the other hand, the demand for employment in the industrial sector doubled. It was predicted that during 1966-1970, about 11 million persons would have entered the labour market in the cities.<sup>21</sup>

### *Integration Movement*

The movement to integrate the urban and rural population was not new for the CPC. As early as 1942, it had started the going-to-the-countryside campaign (*Xia-Fang*) to integrate intellectuals with workers and peasants. The educated youth actively participated in the land reform movements. After liberation, educated youth with bad class background were sent to the countryside to be educated by poor peasants. Besides, a few teams of the youth were also sent to the border areas to reclaim waste land (China had more than one million square kilometres of reclaimable land). The policy of transferring cadres to the countryside continued in 1957.<sup>22</sup> The purpose of this policy apparently was more ideological than economical. The main purpose of the *Xia-Fang* movement was to eliminate the difference between worker and peasant, mental and manual labour, and the city and the countryside.



However, the economic consequences of this policy can hardly be denied. The basic aim of training cadres is to reform their thought and style as well as to serve the purpose of reforming the countryside by educating the peasants on the agricultural techniques advocated by the party and reclaiming waste land. In the Jilin province, more than 37,000 cadres were engaged in the cultivation of 43,684 mow of experimental plots. In the period between 1958 and the first half of 1959, the cadres who were sent to participate in productive labour created more than 1,800 production tools. They assisted people's communes in establishing 509 community halls, 46 homes for the aged, 218 kindergartens and 304 nurseries. They also helped build 619 middle and higher schools, 1,467 primary schools, 1,125 anti-illiteracy evening schools, 228 spare-time dramatic troupes and 280 recreation clubs, 167 choruses and 141 libraries.<sup>23</sup> Similar achievements were also registered by cadres sent by Anhui, Hunan and Xinjiang provinces.<sup>24</sup>

Both the ideological and economic considerations compelled the party, especially Mao Zedong, to advocate the policy of sending the youth to the countryside. As has already been stated, by 1957 both job opportunities and opportunities for higher education got slackened, causing discontent among the youth. Further, the developments in the Soviet Union and the East European countries, on the one hand, and within the party and the country, on the other, made Mao Zedong realize the need to maintain ideological purity in the party and in the country as a whole. Since the youth were the potential successors, the elevation of their ideological standard was given top priority. The manifestations of careerist tendencies further demonstrated the need to intensify their ideological education. The method of imparting ideological education through participation in manual labour was thought to be the most appropriate one for attaining the required results.

At the same time the party was faced with the complex problem of providing jobs to increasing numbers of graduates in the rural areas. Educated youth were needed to man people's communes and to educate the peasants in modern techniques of agriculture as well as to elevate the political and ideological standard of the rural community. The need for increased agricultural production required expansion of the land under cultivation which could be achieved only by reclaiming waste land. The youth were thought to be most suitable to perform such difficult tasks.

At the same time it seems that only after assessing the rural

needs were the youth sent to the countryside. For example, the *Gansu Daily* (9 March 1960) reported that around 50,000 youth from the Gaifeng administrative area would leave for Gansu province by March-April 1960. These youth possessed certain amount of technical knowledge of agricultural production. The purpose was to expedite socialist construction in Gansu province. The *Tsinghai Daily* (21 September 1960) reported that over 200 graduates from various universities were to go to Xinjiang to contribute to socialist construction. Similarly, in the Shanxi province, 600,000 youth were reported to have returned to the countryside. Moreover, the practice of sending teachers and students to the countryside to help peasants during the peak season continued.<sup>25</sup>

It seems that during the late 1950s, emphasis was placed on sending youth to economically backward areas. Besides Gansu, large numbers of youth from Jiangsu, Anhui, Hubei and other provinces were sent to Xinjiang to participate in socialist construction there. It was reported that 80 percent of the labour in the water conservancy construction in Changtu autonomous zone came from outside. They, along with the local commune members, completed 6,400,000 cubic metres of earth and stone work capable of expanding the irrigated area by over 300,000 mow.<sup>26</sup>

The policy of treating agriculture as the foundation and industry as the leading factor intensified the process of rustication of educated youth. The need for cultured youth with socialist consciousness in the rural areas has been repeatedly stressed in the Chinese press.<sup>27</sup> It was reported that between 1962 and 1965 about 40 million youths were transferred to the countryside, who included scientists and technicians.<sup>28</sup>

### *Red Guard Criticism*

Since mechanization was not very high during the 1960s, the youth were sent to sparsely populated border areas to expand the areas under cultivation. In July 1963, for instance, 1,300 youths were reported to have gone to Xinjiang to reclaim waste land.<sup>29</sup> Similarly, in mid-October, about 1,028 young Peking intellectuals went to reclaim waste land in northeast China.<sup>30</sup>

Sending youth to countryside was further intensified after 1967. In 1968, all the Red Guards who had completed their education were asked to go to the countryside to participate in productive labour. During the period of Cultural Revolution, 1.2 million rusticated youth returned to the cities. This increased the peasants' burden of feeding the city population and promoted lawlessness in the cities where the rusticated youth formed their

Red Guard groups to criticize the rustication policy as the revisionist policy of Liu Shaoqi and to pinpoint the flaws in its implementation. However, opposition to rustication was not taken seriously by the authorities at the centre and by 1968 the rusticated youth were sent enmasse to the areas of their assignments. The Red Guards (students) were ordered to return to their educational institutions and to wait for job allocation. There were four general areas of job allocation: the villages, the border areas, mines and industry and the basic social units (schools, hospitals, stores and so on). But most of the educated youth were sent to rural areas, including the border regions.

During 1968-1976, the rustication process was at its height. In addition to the already rusticated students and fresh graduates, medical personnel and party cadres also were rusticated to the countryside. The press during this period, especially in the late 1960s and early 1970s, was full of reports of population movements in China. In February 1968, for example, in the Jiangxi province, more than 2,100 people joined the first batch of health team settling in the countryside. Around 1,400 people in the Guizhou province and 2,100 people in the Jilin province also moved to the countryside. A total of 1,400 medical personnel from the cities in Jiangsu province settled in the mountainous areas and 3,600 in the Heilongjiang province.<sup>31</sup>

It seems that the party paid little attention to Red Guard criticism of the rustication policy. People were asked to volunteer to go to the countryside on ideological grounds, that is, to combat revisionism. Those unwilling were criticized as "revisionists". Though the propaganda media presented a positive picture of different strata of people responding to "Chairman Mao's call", it seemed people coolly obeyed the party's orders to go to the countryside only to return to the cities at the first opportunity.<sup>32</sup>

### *In Post-Mao Zedong Period*

However, opposition to the rustication programme was duly noticed by the party leadership. That is why the propaganda media prescribed intensive ideological education in "Mao Zedong Thought" for all those involved in the rustication movement. On the other hand, "the warm response of the different strata of the people" to the rustication programme was ceaselessly publicized.

With the death of Mao Zedong and the purge of the "gang of four", the party's policy shifted from ideological purity to rapid economic development of the country. To attain economic development, stress was placed on stability, order, discipline and

unity within the party and the state. The policy of "four modernizations", first initiated by Zhou Enlai at the third National People's Congress, was made the key to economic advancement of the country. The implementation of this policy required the mobilization of all strata of the population. Hence, all mass organizations, including the Communist Youth League (CYL), were activated. At the tenth National Congress of the CYL the youth were asked to be the "vanguard in the new Long March", that is, the four modernizations. The prime duty of the youth in the post-Mao China, as defined by Han Ying, the CYL First Secretary, is to do everything the party wants them to do to attain the objectives of the four modernizations.<sup>33</sup>

Initially, the policy of four modernizations raised expectations in the youth. Since a large number of scientists and technicians were required to make the policy successful, educational opportunities, especially at the senior middle school and university levels, needed expansion. Even the vistas of going abroad for higher education got opened. But the big gap between demand and supply has created discontent among different strata of the youth. The most disgruntled are, of course, the rusticated youth.

### *New Dimension Added*

The party and the CYL were well aware of this discontent among the rusticated youth and they frequently discussed ways and means of improving the living conditions of the rusticated youth.<sup>34</sup> A national conference on educated youth settling in the countryside was held between October and December 1978. The conference agreed that rusticating the youth to the countryside was necessary to develop agriculture. It recognized the need to maintain the ratio between rural and urban population for a proper balanced development of the country's economy. The conference also stressed the need to follow the principles of four directions, namely, "going to schools of higher learning, going to mountainous or rural areas, going to the frontier areas to support construction and remaining in the urban area with proper arrangement made for them", in placing the middle school graduates from urban areas. The conference took note of the difficulties faced by the rusticated youth in the countryside and suggested various measures to solve them.<sup>35</sup>

In August 1979, the group in charge of educated youth work called a 10-day meeting in Peking. It was disclosed in the meeting that China would continue the practice of assigning urban youth to work in the countryside, but in small numbers and on

different guidelines. Unlike the pre-1976 period, the economic reasons for sending the youth to the countryside were repeatedly stressed, that the youth going to the countryside would now run collectively owned farms and agricultural sidelines rather than join production brigades or people's communes. It was thus estimated that after college enrolment, about 800,000 educated youth would have gone to the countryside in 1979. Some of them would be mobilized in building satellite towns in the suburbs and new modern towns in the vast countryside.<sup>38</sup> Thus, a new dimension was added to the rustication policy.

The conference also highlighted the achievements of the youth on the industrial front. It was reported that one-fourth of the workers employed in China's industries, communication-capital construction, finance and trade was young people below 28 years.<sup>37</sup> Similar conferences on youth work called by the post-Mao leadership show the intensity of the problem the party is facing in mobilizing the youth to go to the countryside. Even in the 1970's, there was a sizable number of runaway youth idling away their time in the cities. Except for creating some isolated law and order problem, they did not resist party's programme collectively.

But in the early part of 1979, influenced by the liberalized policy and probably attracted by the party's decision to provide bonus to workers, the rusticated youth started demanding suitable jobs in the cities. In the absence of a positive response from the authorities they resorted to holding up trains and organized demonstrations in the cities.<sup>38</sup> The party leaders adopted a diplomatic attitude towards the agitating students. While appreciating the hardships they faced in the countryside, the economic and ideological reasons compelling the party to rusticate them to the countryside were explained to the youth. On the practical plane, comfort groups were proposed to be sent to the farms and to the reclamation zones. At the same time, outstanding achievements of the youth in the countryside were highlighted. Simultaneously conferences on educated youth work were held at the central and provincial levels to discuss the rustication policy,

The policy of job assignment to the middle school graduates is being modified. Attempts are being made to reduce the hardships they face in the rural areas. The youth in the countryside would henceforth have their independent enterprises or farms.

It is anticipated that such an organization would encourage

the youth waiting for job assignments to participate in collective productive labour or work in the service trades. Henceforth all those under 35 waiting for job assignments, who meet employment requirements, may be assigned to work either at the state owned or at the collectively owned enterprises in accordance with the municipalities' unified plans.

Those educated youth serving productive service cooperatives may qualify themselves for recruitment by state owned enterprises, enrolment in institutes of higher learning, technical vocational schools, or conscription by the state. Those employed in the productive service cooperatives, commence their service from the day they take up jobs, and on being recruited to the state owned or other collectively owned enterprises, their service would be extended. These are meant to promote facilities and opportunities for mobility from one job to another for the youth.

Nonetheless, the discontent among the youth persists. Of late they have been openly demanding from the party leadership better opportunities to the youth. The new leadership's liberal attitude towards the ex-landlord and comprador class has contributed to intensifying this demand. As the party's hands are tight, it strives to persuade the youth to accept job assignments in the rural areas. But since the concessions it is giving to the youth going to the countryside are not attractive the discontent among the youth persists.

<sup>1</sup> *People's Daily*, 11 August 1979.

<sup>2</sup> C Howe, *China's Economy: A Basic Guide*, London, Paul Elek, 1978, p 17.

<sup>3</sup> *Ibid*, p 18.

<sup>4</sup> *Ta Kung Pao*, 29 October 1950.

<sup>5</sup> *Ten Great Years*, Peking, Foreign Language Press, 1960, p 192.

<sup>6</sup> *Current Background*, No 140, p 6.

<sup>7</sup> See, Lewis, quoted in Bernstein, *Up to the Mountains and Down to the Villages*, London, Yale University Press, 1977, p 15.

<sup>8</sup> See Chen Muhua's article in *People's Daily*, 11 August 1979.

<sup>9</sup> Liu and Yeh, *The Economy of the Chinese Mainland: National Income and Economic Development, 1933-1959*. Princeton, 1965. Also see, Eckstein and others (ed), *Economic Trends in Communist China*, Chicago, Aldine Publishing Company, 1968.

<sup>10</sup> *Ibid*, pp 340-347.

<sup>11</sup> *Ten Great Years*, *op cit*, p 180.

<sup>12</sup> *Ibid*, p 157.

<sup>13</sup> *Economic Trends in Communist China*, *op cit*, p 372.

<sup>14</sup> Hou Chi-ming, "Manpower Employment and Unemployment" *ibid*, p 373.

<sup>15</sup> Ishikawa, quoted by Wheel Wright and MacFarlane, *The Chinese Road to Socialism: Economics of the Cultural Revolution*, Penguin, 1973, p 41.

<sup>16</sup> Mao Zedong, "On Correct Handling of Contradictions among the People", *Four Essays on Philosophy*, Peking, Foreign Language Press, 1966; pp 122-123, and Bernstein, *op cit*, p 7.

<sup>17</sup> *Economic Trends in Communist China*, *op cit*, pp 380-381.

- 18 "Communique of the Tenth Plenary Session of the Eighth Central Committee of the Communist Party of China", *Peking Review*, Vol. 5, No 39, p 7.
- 19 *Joint Publication Research Service (JPRS)*, No. 24464, 5 April 1964.
- 20 *JPRS*, No 44052.
- 21 Bernstein, *op cit*, p 37
- 22 During 1958-1960, numerous reports were published giving details about the downward transfers. For example, the *Hobei Daily* of 19 March 1960 reported that the party and government authorities of the Hobei province had sent a total of over 88,000 cadres to participate in the productive labour in the past two years. In Jilin province, in 1959, more than 11,000 cadres were sent downward. In Gansu province 40,000 cadres were reported to have been sent to the basic level between 1957 and 1960. In Anhui province more than 24,000 cadres were reported to have participated in manual labour. Hunan provincial authorities sent 10,000 cadres to receive training in labour. In Sinkiang, 6,951 cadres were sent downward to paroductive labour in 1958. See *Survey of China Mainland Press* (Supplement), No 6, pp 29-40, No 13, pp 15-19.
- 23 *Kirin Daily*, Autumn 1960.
- 24 *Anhui Daily*, 3 March 1960; *Hunan Daily*, 23 February 1960; *Sinkiang Daily*, 20 April 1960.
- 25 *Kirin Daily*, 22 October 1960.
- 26 *Sinkiang Daily* 17 October 1960.
- 27 *People's Daily*, 8 July 1973; *Red Flag*, No 11, 1973.
- 28 *Wen Hui Pao* (Hong Kong), 12 October 1963, *People's Daily*, 12 September 1965.
- 29 *Hsin-Min Wan-Pao*, 1, November 1963; also *SCMP* (Supp), No 122, p 26.
- 30 *Peking Daily*, 6 November 1963 also *SCMP* (Supp-) No 122, p 28
- 31 *People's Daily*, 9 December 1968.
- 32 See M and I D London, "China's Lost Generation", *Saturday Review World*, Vol 11 No 30, 1974.
- 33 "Han Ying's Reports at the Tenth National Congress of the CYL", *Xinhua News Bulletin*, No 10875, 24 October 1978, pp 25-27.
- 34 *Daily Report : People's Republic of China*, Vol 1, No 238, 11 December 1978, pp E-16-19
- 35 *Ibid*, Vol 1, No 242, 15 December 1978 pp E-1-4.
- 36 *Ibid*, Vol 1, No 163, 21 August 1979, pp L 4-5.
- 37 *Ibid*, V 1, No 174, 16 April 1979, pp L 13-14.
- 38 *The Liberation Daily*, 11 February 1979.

## NOTES

### *Premchand and Gandhism*

PREMCHAND was a towering figure in Hindi literature symbolizing a whole generation of fighters for freedom and social justice. In popular eyes he is regarded as an admirer of Gandbi and propagator of Gandhism, The reasons for this are twofold: i) Premchand held Gandhi personally in high esteem because in the eyes of Indian masses Gandhi represented Indian freedom; ii) there has been a consistent effort to belittle Premchand's left-wing association, particularly his sympathies with socialism. Unfortunately a few progressives have also subscribed to this view and labelled him an idealist writer with Gandhian influence. He was, no doubt, an idealist, but not a spiritualist or utopian like Gandhi who wanted to remove social grievances without a real social upsurge.

Premchand was certainly influenced by Gandhi's personality. He saw Gandhi as a pioneer in mobilizing the masses during the national movement. Premchand, therefore, had great expectations from Gandhi for the emancipation of the poverty stricken tenants and workers.<sup>1</sup> Gandhi, in the eyes of Premchand, was not only great as a man, but was the repository of great social power.<sup>2</sup>

But what Gandhi projected was not a new social philosophy but application of ethical and moral values of olden times to practical life.<sup>3</sup> Probably it was because of this that millions of people were ready to sacrifice their lives at his call. It was on the basis of an outmoded ideology that Gandhi drew the masses into the national movement, and whenever a mass movement was about to slip into the hands of peasants and workers, he tried his best to avert it.

Premchand was not only swayed initially by what he thought of Gandhi as a man of the masses, but was also moved by his own burning sense of nationalism. According to Maxim Gorki, "A writer, firstly, is a product of his times. He shares the events



and incidents of his time and takes part in them actively.”<sup>4</sup> Premchand himself remarked: “A writer is influenced by his environment. Whenever there is an upsurge in the country, it is impossible for a litterateur to be unmoved.”<sup>5</sup>

Premchand was brought into the national movement by the Swadeshi movement of 1905-1906. In 1905 he wrote an article in the *Zamana* suggesting ways to spread the use of indigenous products. He was of the opinion that without indigenous materials such as cotton, sugar and cloth, national liberation could not be achieved.<sup>6</sup> But, by and by, Premchand began to think that the Swadeshi movement benefited mainly the national bourgeoisie. Gradually the basic character of the bourgeois leadership began to be unveiled. Premchand realized the real nature of the Swadeshi movement in the process of a historical development. He saw that capitalism was no answer to Indian ills. He therefore made the condition of the poor the basic issue. In an article written in October 1932 he said that in such a critical period of unemployment, when every man was dying for a *paisa*, the rates of daily wages were deteriorating. The cost of raw cotton declined, but the cost of cloth remained the same. He said bitterly that Indians were purchasing *swadeshi* (indigenous) goods even at the cost of their livelihood. On the contrary, the mill owners were rolling in wealth. They wanted a ban on imports merely to sell their commodities at a price desired by them. But neither would such trickery last long nor the public kept in confusion.<sup>7</sup>

This period of 27 years of the development of capitalism thus essentially altered Premchand's views so that to him even the Swadeshi movement appeared something launched solely for the benefit of the bourgeoisie. Premchand thus found himself in a camp opposite to that of Gandhi. Gandhi was against the abolition of private property even if it aimed at removing poverty and unemployment. He wanted the capitalists to act as trustees of their property and they should spend it for the welfare of the people.<sup>8</sup> Not only that, Gandhi proclaimed that if the properties of *zamindars* and *taluqdars* were taken over unjustly, he would fight for them.<sup>9</sup> His advice to the peasants was that “they should not hate the *Zamindars*. Peasants will have to win the hard hearts of their enemies over by their magnanimity and love. To refuse payment of tax to their *Zamindars* and not to work for them would be unethical.”<sup>10</sup>

Contrary to this, Premchand was convinced that socialism was the only way for the emancipation of the oppressed and down-trodden peasants and workers. In an article entitled “Naya Zamana

Purana Zamana" he wrote that "the capitalist class wanted monopoly over the river of honey and milk and would not like to give a drop of it to anybody else. It would lead a luxurious life, though the world may starve."<sup>11</sup> In a conversation with the Marathi writer, Tikekar, Premchand declared: "I am a communist, but my communism is limited only to the extent that the *Zamindars*, *seths* and others, the exploiters of the peasants, should cease to exist."<sup>12</sup>

### *Soviet Influence*

After the first world war, Premchand's eyes turned to the great changes taking place in the world as a whole. After 1930 a marked ideological change became discernible in Premchand. In his article, "Mahajani Sabhyata" (Bourgeois Culture) he remarked: "The sun of the new culture is rising from the remote corner of the west (Soviet Union) which has uprooted this capitalism. No doubt, this new culture has broken the paws, nails and teeth of individualism. Now, in that state, a capitalist cannot flourish at the cost of others by exploitation. Many many thanks to that culture which is undermining private property, The rest of the world will follow it sooner or later."<sup>13</sup> -

Premchand not only opposed capitalism but saw the Soviet social order as only way of discarding capitalism. In his novel *Godan* he argues: "Nobody has a right to fatten upon the labour of others. Such a social order in which a small part of society leads a comfortable life, whereas large one writhes under the fell clutch of hardships, has no right to exist."<sup>14</sup>

Unlike Gandhi who believed in class cooperation, Premchand desired the liberation of peasants and workers through their own organized movements. In his novel *Premashram*, Premchand depicts the story of peasants' organized struggle against the *zamindars*, even though they face the defeat in the long run. Balraj, a character in the novel, speaks out the mind of Premchand: "In Russia tenants have their own regime. They do what they want. Some bulgari country (Bulgaria) is also in its vicinity. Recently tenants dethroned the King and now there is the regime of peasants and workers."<sup>15</sup> This was a reference to the short lived regime of the peasants' party in Bulgaria.

He also expressed his bitterness towards the feudal system: "There is an overall change on all sides, so much so that peasants and workers can have their dominion, but they still sleep. Nobody knows when this system would be abolished."<sup>16</sup> In his last novel, *Godan*, he wanted to convey the message that peasants were

scattered in the villages. He wished that the middle class would mediate to bridge this gulf, and hence he called upon Mehta and Malti to do this work. The whole of his message was meant to organize peasants and workers.

In respect of religion and God, Gandhi and Premchand held basically different views. To Gandhi, religion and politics were inseparable (religion in the wider sense and not in the sectarian sense). He sought to synthesize politics with all the accepted values based on the *Gita* and the *Upanishads*. According to him, "Religion and politics aim at the same thing, a feeling of spiritual oneness with the whole of the world."<sup>17</sup> He made *satya* (truth), *ahimsa* (non-violence) and *satyagraha* (insistence on truth) his main battle cry. Instead of condemning poverty he called the poor *Daridra Narayan*. Similarly he called the untouchables *Harijan* as if by altering the name social injustice could be rectified. To Premchand religion was secondary and he thought materialistically. Unlike Gandhi who spoke of Hindus as "us", Premchand proclaimed majestically, "Neither I am a Hindu nor a Muslim. In a religion in which one cannot drink the water touched by others, there is no room for me."<sup>18</sup>

In all his writings Premchand opposed bigotry. Religious institutions and undertakings of all kinds have been tools for the exploitation of common people and have been controlled by the rulers.<sup>19</sup> In his novels such as *Seva Sadan*, *Karma Bhumi* and *Godan* and in his short stories, Premchand vehemently criticized bigotry and religious institutions and exposed their exploiting nature. The character of the *mahant*, the *zamindar*, in his novel *Karma Bhumi*, most vividly portrays religious exploitation. Premchand did not have high sounding words for the poor and the Harijans; instead he wished total eradication of poverty. He insisted that it was vain to talk about social equality without economic equality.

While Gandhi started all his works dedicating them to God and interpreted all events as the unfolding of the will of the "Almighty", Premchand was a staunch believer in people's power. Premchand said: "God is the ghost of the heart that weakens the man. He who is self-reliant is the master of the world. Religion is the vortex of superstition, the way to cheat the fool."<sup>20</sup> Premchand supported the movement against religion in the Soviet Union in 1934.<sup>21</sup> He was also consistently hostile to revivalism. He criticized the other literary figures of his time who reproduced ancient historical and mythological themes and boasted about India's glorious past. For example, criticising Jayashankar Prasad's play, *Skand*

*Gupta*, Premchand insisted that we should find the solution to our present problems instead of extolling old heroes.<sup>23</sup>

Gandhi and Premchand were equally concerned with the problem of communalism. Gandhi had to face failure in his efforts to find a solution to Hindu-Muslim differences, in spite of his sincere desire for Hindu-Muslim unity, because he was a religious man and bore the imprint of a particular religion. Persons of other beliefs began to have doubts about him. Behind his religiousness, the fear of Hindu fascism was felt by other communities. After the establishment of the Muslim League in 1916, the Hindu Mahasabha also took birth in 1925. Lala Lajpat Rai, a leader of the Congress, presided over the Hindu Mahasabha. Premchand could look at this growth of communalism with eyes unblinkered by religion. He held the *pandas*, *mullas* and other religious heads responsible for communalism.<sup>23</sup> In his opinion the leaders unnecessarily inflamed passions and took sides in the frays between Hindus and Muslims.<sup>24</sup>

By and by, Premchand became increasingly convinced of the bourgeois character of the Congress. In his novel *Ghaban* Devideen tells a Congress leader: "After independence, you will get big salaries. You will also live in bungalows like the Englishmen. Now, when the regime is not your own, you denounce the delicacies and luxuries. But you will crush the poor when the power is in your own hands."<sup>25</sup>

Like any active and socially conscious artist and litterateur Premchand developed his ideology in a successive manner. In the beginning, influenced by the personality and actions of Gandhi, his sympathy went deeper and deeper for the poor and the down-trodden. His consciousness developed rapidly. This process was natural. As E M S Namboodiripad stated about himself: "Like other Marxists, I had been a disciple of Gandhiji before I was a Marxist. In fact, the acceptance of Leninism for me was an outcome of a long process during which I reached Gandhism and then stepped ahead, leaving Gandhism behind."<sup>26</sup> In Premchand we see the same process of development. Though he did not declare himself a Marxist, he supported the Russian revolution, opposed capitalism and talked of establishing a government of peasants and workers. He held Gorki as his ideal and hoped that Gorki would be revered like Soor and Tulsi with the spread of education.<sup>27</sup>

Premchand also visualized socialism in which, he said, no government will be necessary: "Delete the distance between the rich and the poor and government will automatically disappear."<sup>28</sup>

Each and every work of Premchand enshrines an intention to undo the injustice and exploitation and to bridge the gap between the haves and havenots. Premchand is an authentic writer of the masses before whom the liberation of the people is the foremost aim. Gandhi and Premchand were thus poles apart in the totality of their thought.

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- <sup>1</sup> Shivrani Devi Premchand, *Premchand Ghar Men*, 1956, p 110.
- <sup>2</sup> *Ibid*, p 112.
- <sup>3</sup> "I have presented no new principle, but have tried to restate old principles", Nirmal Kumar Bose, *Selections from Gandhi*, 1948.
- <sup>4</sup> *Literature and Life : A Selection from Writings of Gorky*, 1946, p 99.
- <sup>5</sup> Premchand, *Hans*, April 1932, p 40.
- <sup>6</sup> Premchand, *Zamana*, June 1905.
- <sup>7</sup> Premchand, *Vividh Prasang*, 1962, p 165.
- <sup>8</sup> M K Gandhi, *Towards Non-Violent Socialism*, 1951, p 20.
- <sup>9</sup> N K Bose, *op cit*, p 275.
- <sup>10</sup> Ayodhya Singh, *Bharat ka Mukti Sangram*, 1977, p 442.
- <sup>11</sup> Premchand, *Zamana*, February 1919.
- <sup>12</sup> Rajeshwar Guru, *Premchand Ek Adhyan*, 1964, p 101.
- <sup>13</sup> Premchand, "Mahajani Sabhyata", *Mangal Sootra Va Anya Rachnayan*, p 367.
- <sup>14</sup> Premchand, *Godan*, 1974, p 77.
- <sup>15</sup> Premchand, *Premashram*, 1966, p 43.
- <sup>16</sup> Premchand, *Kaya Kalp*, 1973, p 43.
- <sup>17</sup> M K Gandhi, *My Experiments with Truth* (Hindi), 1947, p 579.
- <sup>18</sup> Shivrani Devi Premchand; *op cit*, p 113.
- <sup>19</sup> Premchand, *Sevasadan*, 1973, p 118.
- <sup>20</sup> Shivrani Devi Premchand, *op cit*, p 91.
- <sup>21</sup> Premchand, "Russia Men Dharm Virodhi Andolan", *Vividh Prasang*, 1962, p 154.
- <sup>22</sup> *Madhuri*, Lucknow, December 1928.
- <sup>23</sup> Shivrani Devi Premchand, *op cit*, p 125.
- <sup>24</sup> *Ibid*, pp 148-149.
- <sup>25</sup> Premchand, *Ghagan*, 1972, p 172.
- <sup>26</sup> E M S Namboodiripad, *The Mahatma and Ism* (Hindi), 1960, p 3.
- <sup>27</sup> Shivrani Devi Premchand, *op cit*, pp 253-254.
- <sup>28</sup> Premchand, *Karm Bhumi*, 1973, p 226.

## *Permanent Settlement in Bihar*

THE policy of *zamindari* settlement by the East India Company in Bihar during the second half of the eighteenth century deserves serious probe as a measure of stability of British authority which at the same time, sharpened the contradiction between *zamindars*, and peasants. It is generally believed that the Company government recognized the acquisition of *jagirs* and *zamindaris* through inheritance in Bihar.<sup>1</sup> But in fact, it was the authority that such families had over the people, and not their hereditary claim, which induced the British power to recognize them as *zamindars*. In the present paper two selected cases of *zamindari* settlement are discussed which prove the above contention and reflect the British attitude of institutionalizing the conflict between the two important social strata of Bihar.

In an agrarian society, rights in land constitute the main element of political system. The structure of such a society "reflects the way in which numerous interests are accommodated in a scale which reaches from the tiller of the soil to the highest authorities of the state."<sup>2</sup> It has been further observed in the context of colonial rule in India that "landlord and tenant are the designations of such interests."<sup>2</sup> It was the integration of these interests of *zamindars*, tenants and state authority that came to be known as *zamindari* system which helped the colonial regime in our society for a considerable period of time. The integration of upper layers, namely, the state authority (alien to this land) and *zamindars*, however, was a result of the kind of policy of recruitment to the latter layer (the layer of *zamindars*) that was assumed by the East India Company. The policy was to recognize only those families as *zamindars* which commanded the loyalty of the people and without whose efforts revenue collection appeared extremely difficult. This becomes clear as one finds British authority offering settlement of *zamindaris* to even rebel *zamindars*. There were some *zamindars* such

as those of Hathwa and Bettiah who refused to recognize British authority. These revolts were crushed, no doubt, but when it came to the question of revenue collection the British failed miserably. This made them realize the strength of the social base of such traditional *zamindar* families of Bihar. Soon, the old *zamindar* families were induced by the British to assume charge of their *zamindaris*.

The Hathwa family belongs to the Bhumihar Brahman caste. Its origin is traced right from the seventh century B C.<sup>4</sup> The status of this family as *raja* was recognized by the Mughal emperors also.<sup>5</sup> After the fall of the Mughal empire, at the time of the grant of *Diwani* in 1765, Fateh Sahi held the *raj*. He refused to acknowledge "the sovereign or quasi-sovereign rights of the Company. When towards the end of 1767, the Revenue Collector of Sarkar Saran demanded rent on behalf of the Company, Fateh Sahi not only refused to pay it but also drove out the Company's troops who were sent against him. On hearing of it Sitab Rai, then Naib Nazim of Bihar, applied to Captain Wilding, who was then investing the fort of Tiloor, to relinquish that design and advance immediately to Husepur to punish the insurgents. Captain Wilding accordingly marched to Husepur, routed the *zamindar* there and conquered the fort. Fateh Sahi was driven away from Husepur into the jungles. The East India Company then attached the Husepur Estate and farmed it out to a person named Govind Ram . . . . (Later) the collector of Sarkar Saran finding that the rents could not be collected . . . suggested to the Revenue Council of Patna that Fateh Sahi should be induced to settle in Husepur . . . . The Husepur Estate was kept under direct management for one year . . . and was let in farm to Basant Sahi, a cousin of Fateh Sahi."<sup>6</sup>

Bettiah estate is not claimed to be so old as Hathwa. This family also belongs to the Bhumihar Brahman caste. Jugal Kishore Singh held the estate during the period under review. He entered into "*kabulliat* for the whole of Champaran at the office of Dhiraj Narain in 1763-64 A D and took up the management of the *zamin-dari* in his own hands. He defaulted in discharging his revenue obligations to the Company . . . . The Governor, therefore, wrote to Jugal Kishore Singh on July 24, 1765: 'In the time of Meer Cossim you used to pay into the Treasury six or seven lacs of rupees out of the revenue of your *Zamindari*, and I am informed that at present you pay nothing but a few timbers. I, therefore, write to you that you must send without delay the balance which you owe the Sircar, and give security for the regular payment of your revenues in future. If you neglect this advice, an English army

will march against you after the rains and settle your business.' Jugal Kishore Singh seems to have refused to comply with the Governor's orders and Robert Barker was despatched to Bettiah in the beginning of 1766 to demolish the fort and punish the defaulting Zamindar. On Barker's arrival Jugal Kishore Singh at first thought of offering some resistance to the Company's forces but realizing the futility of such an action he quietly fled away . . . . Barker brought his Zamindari under the direct management of the Company . . . . During the absence of Jugal Kishore Singh the management of the Raj was *entrusted by the Company to Sri Krishna Singh of Sheohar and Ahdhut Singh of Madhuban . . . . But it seems that the Bettiah raj did not prosper and revenues were collected with great difficulty. In June 1771, the Supervisor of Sarkar Saran, Edward Golding, informed the controlling Council of Revenue at Patna that Champaran was in a state of desolation and ruin, and suggested that the restoration of Jugal Kishore Singh would help in its recovery. The Revenue Council forwarded this letter to the Controlling Committee of Revenue at Fort William . . . . He supported the reinstatement of Jugal Kishore Singh and suggested that Parganas Majhwa and Simraon be restored to Jugal Kishore Singh because the people of those paraganas were attached to him.*"<sup>7</sup>

### *Main Consideration*

It is, thus, clear that the control that the *zamindars* had on their tenants or people was considered to be of immense value by the British because they did not have much contact with the people at that time nor did they have any administrative network of their own to collect the revenue directly from the people. This is substantiated by Heber who was told by the judge and magistrate of Monghyr: "The Zamindaris in this neighbourhood are mostly very large and possessed by the representatives of *ancient families*, who by the estimation in which they are held have the more authority over the peasants. Though a Zamindar of this kind has no legal control over his people, he possesses greater *effective control* than a great landowner in England exercises over his tenants".<sup>8</sup>

This kind of integration between the intermediaries and the peasants was the result of a long social custom. In this context two Mughal *firman*s relating to Bihar are significant. The first is the *firman* of Emperor Akbar granting *Kanoongoi* and *Choudharai* of Sarkar Tirhut to Gopal Thakur<sup>9</sup> and the second of Emperor Aurangzeb granting *Rajai* and *Choudharai* of the said Sarkar to Raja Rudranarain.<sup>10</sup> In both of these *firman*s the concern for *ryots* is pointedly brought out. The local *rajas* and *choudharis*, it seems, had



some customary obligation of protecting their *ryots*. Irfan Habib describes the economic consideration behind such an obligation: "The peasants found 'less oppression and were allowed a greater degree of comfort in the territories of a Raja.' This is clearly recognised even by the official historian of Aurangzeb, who says that 'the Zamindars of the country of Hindustan, for consideration of policy for winning the hearts of, and conciliating the peasants in order that they may not cease to obey or pay revenue to them, conduct themselves gently'."<sup>11</sup>

Besides the economic consideration, perhaps, the religious practices also contributed to the ties between *zamindars* and *ryots*. Great religious merit was attached, both by Hindus as well as Muslims, to the gift of revenue-free land to *brahmans* and religious institutions. Anybody making such gifts was held in high esteem and therefore he commanded moral authority in society. The power of value attached to this practice can be realized by the fact that a *minhai* register of 1795 recorded the prevalence of 18 kinds of revenue free grants among Hindus and 20 kinds among Muslims.<sup>12</sup> Raja Jugal Kishore Singh of Bettiah, who had rebelled against British power as stated earlier, also had made a gift of two villages to Pandit Vishvanath Mishra, a scholar of repute, in 1768.<sup>13</sup> It is significant to note that this *raja* of Bettiah made this gift in a period in which he himself was very much disturbed. Yet, in spite of all the stresses and strains to which he had been subjected he did not let himself miss the chance of earning great religious merit and the consequent accretion of moral strength.

Thus, economic considerations and religious values both had strengthened the ties between the middle and the bottom layer of society in Bihar. The British authority exploited the integration of these two groups in their own interest by promulgating Permanent Settlement and thus prepared ground for the germination of the seeds of contradiction between them. In Permanent Settlement the interest of *ryots* was ignored and *zamindars* were given a free hand to extract as much as they wanted. With this, the practice of revenue free grant of land also declined as the British policy did not encourage it.<sup>14</sup> Consequently, the age old moral and economic obligations binding *zamindars* and *ryots* together loosened in course of time. The former gradually lost the social base and eventually depended for existence on the colonial power. During the pre-British days whenever peasants revolted, the revolts were generally in collaboration with the *zamindars* against the central authority.<sup>15</sup> Permanent Settlement, however, gave rise to the process of increasing contradiction between the two

social layers so much so that the peasants had to organize movements against their own former collaborators during the early decades of the present century.<sup>16</sup>

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- <sup>1</sup> N K Singh, *History of Territorial Aristocracy in Bihar (1757-1793)*, unpublished Ph D thesis, Patna University, 1967, p 221.
- <sup>2</sup> D Rothermund, *The Phases of Indian Nationalism*, Bombay, Nachiketa Publication, 1970, p 179.
- <sup>3</sup> *Ibid.*
- <sup>4</sup> G N Dutt, "History of the Hathwa Raj", *Journal of the Asiatic Society of Bengal*, Vol 73, 1904, p 179.
- <sup>5</sup> L N Ghosh, *The Modern History of the Indian Chiefs, Rajas, Zamindars*, Calcutta, 1879, pp 35-36.
- <sup>6</sup> N K Singh, *op cit*, pp 5-18. Emphasis added.
- <sup>7</sup> *Ibid*, pp 24-28. Emphasis added.
- <sup>8</sup> Rt Rev Reginald Heber, *Narrative of a Journey through Upper Provinces of India (1824-1825)*, Vol I, p 133.
- <sup>9</sup> J S Jha, "History of Darbhanga Raj", *The Journal of the Bihar Research Society*, Vol XLVIII, Jan-Dec 1962, Parts I-IV, pp 14-104.
- <sup>10</sup> Hetukar Jha, "The Oinwaras in the Mughal Period", *The Journal of the Bihar Research Society*, Vol LV, Parts I-IV, Jan-Dec 1969, pp 144-150.
- <sup>11</sup> Irfan Habib, *The Agrarian System of Mughal India*, Asia Publishing House, 1963 p 336.
- <sup>12</sup> C J Stevenson-Moore, *Final Report on the Survey and Settlement Operation in the Muzaffarpur District, 1892-1899*, Patna, Government Printing Press, 1922, pp 84-85.
- <sup>13</sup> This gift was recorded on a copper plate, which was recently discovered by the author in the house of Dharma Nath Mishra of village Sarisab.Pahi, district Madhubani, Bihar. Dharma Nath is the sixth descendant of the donee of the said gift. Its dimensions are 12" x 5". There are 14 lines in Sanskrit and Maithili engraved on the plate in Devanagari script: A translation of it is given here:  
 "True copy of the *Patta*: Be it well with thee . . . His Exalted Highness Maharajadhiraj Shri Man Shri Shri Jugal Kishore Singh, the winner of battles, hereby makes a gift of *brutti* of villages Gamaria and Baraha including tanks and forests under Parganna Majhaua, Zilla Bahas, Sarkar Champaran, to Mahamahopadhyaya Pandit Shri Vishvanatha Mishra. He may avail of the produce of the above mentioned and shower his blessing.  
 "San 1175 *Sal* (1768 A D), Chaitra Purnima  
 "May this bring good luck."
- <sup>14</sup> Stevenson-Moore, *op cit*, p 85.
- <sup>15</sup> Irfan Habib, *op cit*, p 338.
- <sup>16</sup> Hetukar Jha, "Lower-caste Peasants and Upper-caste Zamindars in Bihar (1921-1925): An Analysis of Sanskritization and Contradiction between the Two Groups", *The Indian Economic and Social History Review*, Oct-Dec 1977, Vol XIX, No 4, pp 542-559; Surendra Gopal, "Peasant Movement in Bihar during the Second World War", *Behavioural Scientist*, Patna, 1978. pp 141-151.

# COMMUNICATION

## *Islamic Fundamentalism*

ISLAMIC fundamentalism can best be understood by analysing Pakistan's path of development as that country has always been found to be in search for a theoretical foundation. The proclamation of political independence is the culmination of the first stage of national liberation movement. Then comes the long period of struggle for economic independence whose success hinges on the particular path of national regeneration chosen. The search for a correct path thus stands as the crucial problem before the countries which have thrown off the shackles of colonial slavery. To gain economic independence, such countries must achieve high rates of production growth, correct the one-sided structure of their economy and do away with non-equivalent trade, break the stranglehold of foreign capital, addicate the carry-overs of the feudal syrtem in the countryside and so on.

Full emancipation from dependence on imperialism is a long and difficult process. So long as they remain in the orbit of world capitalism, the newly independent states have to submit to the kind of international division of labour the imperialists prescribe. This only makes it harder for them to remedy the one-sided structure of their economies and go over to industrialization. Take the countries of Latin America most of whom have long enjoyed political independence but are still economically dependent on and remain for the greater part as subsidiaries of the United States economy.

Granted that under modern conditions capitalism does not necessarily exclude a fair degree of economic progress, it cannot ensure successful and, above all, rapid solution of the problems to overcome economic retardation of newly free countries. Consequently, they are seeking new paths of development.

The possibilities of their taking some path other than capitalism are opened up by the existence of the socialist system in the world today. Socialist construction in the Union of Soviet Socialist Republics (USSR) which in a few decades transformed the country from an agrarian into a mighty industrial state and the experience of other socialist countries have convinced the newly independent countries that socialism offers them the best chance of eradicating their social and economic retardation.

The governments of the developing countries are no doubt giving thought to the experience of the socialist countries, not only in deference to the anti-imperialist and pro-communist temper of the masses, but also on their own initiative and desire to apply that experience, as they see the great advantages of economic planning and cooperative farming. For the ruling classes of these countries there is this dilemma: while they realize that the capitalist road is far from being perfect and is hardly the best alternative for them, neither can they, nor do they want to, take the socialist road for fear of losing their class privileges. Instead, they look for a way out in compromise, in the "reconciliation" of capitalism and socialism, often termed the "middle road" of development.

### *The "Middle Road" Concept*

Other important factors have contributed to the emergence of the concept of the "middle road". One that has certainly played an enormous role is the feeling against capitalism common to all segments of society in the young sovereign states. Centuries of exploitation by the imperialist powers naturally generated a deep hatred in the minds of the oppressed peoples for the system that countenanced such plunder and violence. That is why national liberation movements have so often mounted slogans of struggle against both particular capitalist countries and the imperialists as a whole. It is indicative, moreover, that the idea of consolidating their economic and political independence is dominated by the ideal of a "welfare state" which will not be like the states of the capitalist west.

Anti-capitalist tendencies are however not equally pronounced or consistent among all social classes. Only the most class conscious people are completely opposed to the capitalist system. The bulk of the population (the peasants and petty-bourgeoisie), while sharing the prevailing hatred of capitalism, cling to the dream of evolving a scheme of private enterprise of their own; would like to find a road to prosperity that promises personal en-

richment—without violence. From this have come the petty-bourgeois illusions of the special road, a kind of capitalism free from exploitation and plunder.

The “anti-capitalism” of the national bourgeoisie is best described as a dislike for and envy of their stronger western rivals, upon whom they were dependent until recently and whose place they would now like to fill. This they cannot do without the support of wide masses, and so the bourgeoisie of the developing countries call for “middle road”, meaning the creation of optimal conditions for their national capitalist development. As for the “anti-capitalism” of the extreme feudal reaction (the criticism from the Right), the “new road” means rejection of capitalist development only to preserve the class privileges of the feudal elements; in other words, a return to the past.

The Pakistan version of the theory of “middle road” is often designed as Islamic socialism, an idea adopted by Indian Muslims long before 1947. As the national liberation movement gained momentum, the need arose for a prospective economic programme to go along with its political slogans. Naturally, the ideal that appealed most to the people was that of a society free from poverty, unemployment and exploitation. The Islamic nationalists, not unmindful of the popularity of the idea of socialism, painted a picture of the future in which they drew an image very familiar to Muslims, the traditional Islamic welfare state.

The victory of the October Revolution in Russia was enthusiastically received by the foremost Muslim intellectuals. The bourgeoisie who had played a progressive role in leading the national liberation movement, reacted sympathetically to the ideas of Russian Revolution, and the middle strata even more so. Muhammad Iqbal was one of the first to hail the developments in Russia as the beginning of a new era. In his famous poem *Hidjra-e-Rah* he urged the working people of the world to wake up and throw off their chains:

Arise! A new way of life has appeared  
Your day is coming in the East and West.

Iqbal knew the October Revolution as the natural outcome of the course of history. He said that the worker bent his bare back all his life so that the capitalist might dress in silk; the pearl necklace worn by the capitalist's wife was made of the tears of the worker's wife and child; the *ulama* and government servants only fattened on the workers' blood. This, he protested, could not be

endured for long. The revolution was not only necessary, but it was inevitable.<sup>1</sup>

But while he recognized the inevitability of the revolutionary transformation of society and welcomed the revolution, Iqbal, like many other Muslim intellectuals, did not accept it without reservation. He criticized socialism for what he termed its disregard for the spiritual life of man and its irreligiosity. Socialism was fine in all ways but its denial of God: "If Bolshevism recognised the existence of God it will be very close to Islam", he said indicating his desire that Pakistan adopt a socialist system in consonance with the spirit of Islam and its morality.<sup>3</sup>

Since the problem of independent economic development did not require concrete practical solution pending the achievement of political independence, it was enough for the ideological propaganda of the time to simply raise the slogan of Islamic socialism. But after 1947 it became imperative to spell out the meaning and elaborate the theoretical aspects of the concept.

The ideologists of different classes in Pakistan approached this task in different ways. The bourgeois and petty-bourgeois interpretation of the theory of "Islamic middle road" reflected a desire to combine the Islamic traditions with the principles of bourgeois democracy and utopian socialism. As interpreted by the feudal elements and exponents of the big bourgeoisie, it sounded more like a battle cry against the progressive potentials of bourgeois democracy present in the young sovereign states of the East.

To theologians like A A Maudoodi, Islamic socialism, thanks to its many common features with the "feudal socialism" so brilliantly described in his day by Karl Marx, implied support not only for landlords and Muslim theologians, but also for the petty-bourgeoisie, among whom, it must be admitted, the Maudoodi interpretation is rather popular. One reason for this is that large numbers of Pakistan's peasants and townsmen still live in spiritual dependence upon the *mullahs* and the *ulama*.

Another reason lies in the ambivalent social nature of the above sections of society and the survivals of pre-capitalist relations of production in Pakistan. The competition from big capital is a constant threat to the petty-bourgeoisie whose representatives are consequently prone to criticism of capitalism coming from the Right. They support the spokesmen of "feudal socialism" against the concentration of capital because it undermines small-scale production. Together with feudal elements they yearn for the old partiarchal relations and incline towards the belief that the pre-

capitalist form of exploitation was better than bourgeois exploitation.

The more advanced section of petty-bourgeoisie, which stands closer to the proletariat, also has its own theory of Islamic socialism, or, as it is sometimes called, "democratic socialism". It is anti-feudal and anti-colonial in character to the extent that it includes demands for radical agrarian reforms and the nationalization of foreign property. At the same time its proponents advocate the preservation of private property and free enterprise, believe in the possibility of peaceful solution to social conflict.

The theoretical basis of "democratic socialism" has not been seriously or fully elaborated as yet. Its ideas are chiefly articulated in the practical planks of the different democratic parties through various documents: the Manifesto of the Awami League (1952), the Programme of the Ganatantri Dal (1953), the Manifesto of the Azad Pakistan Party (1953), the Programme and Charter of the Socialist Party of Pakistan (1948), the Programme of the National Awami Party (1956) and so on. But none has fully articulated the bourgeois and feudal conceptions of Islamic socialism or worked them up into consistent systems. The Islamic socialists often maintain that the purpose of their programme is to cure capitalism of its ills, and the latter can be eliminated by following the three Islamic precepts. They look upon these precepts as a means of preserving private property while eliminating the abuses which are responsible, in their view, for all the defects of capitalism.

### *The Three Precepts*

The first Islamic precept is *Zakat*, or payment of taxes for the benefit of the poor. Introduced in the second year of the *Hidjra*, this is one of the five sacred obligations of every Muslim. *Zakat* is defined by Islamic ideologists as "a legal expression of the statement of kindness and mercy on which the whole structure of Muslim economics is to be raised."<sup>4</sup> It is a tax levied on all Muslims with an income in excess of the established minimum (*nisab*) and amounts to 2.5 percent of their cash balance. *Zakat* is also charged on gold, silver, merchandise, cattle and other valuables. Its rate for all these commodities is fixed with reference to the books of *fikh*. *Zakat* is exacted over and above the other state taxes, having been instituted by none other than God in order to ease the plight of the poor. The revenue it yields may be used for the crop failure and unemployment relief, benefits for the old and the sick, pensions for widows, scholarships for needy students and so on.

The second percept concerns the observance of Islamic inheritance laws.<sup>5</sup> In Islamic law, the property of the deceased is divided among his children, male or female. In the absence of progeny, the property may pass on to close relatives, but a more correct procedure is to give it to the state. Islamic ideologists hold that the law prevents the accumulation of large landholdings and other forms of property and makes for decentralization of wealth, which, in the course of two or three generations, may be parcelled up among the heirs. "In contrast with the law of primogeniture generally prevailing in Western countries the Islamic law of inheritance cuts at the root of capitalistic accumulation of wealth in the hands of a few individuals".<sup>6</sup>

The third and the last is the prohibition of interest on capital. On this point, opinions differ among the Islamic ideologists themselves. Some say that Islam repudiates all kinds of interest on loans. Others limit the ban to usury, or interest exacted for loans made for a borrower's personal needs, and uphold the legality of interest on bank, commercial and industrial credits.

Not one of the above mentioned remedies for the ills of capitalism touches on the core of the problem. *Zakat* can hardly ensure the just distribution of national wealth. Charity does no good to those whom it is supposed to help. The propertied classes indulge in philanthropy for their own good; the whole idea of *Zakat*, which means "to be pious",<sup>7</sup> is not so much to benefit others as to attain piety. "You will not attain piety," says the *Quran*, "until you expend of what you love."

### *No Benefit to Proletariat*

Nor can Islamic inheritance law alter the essence of the capitalist system. While it may, to a degree, further the interests of the petty-bourgeoisie, to whom the accumulation of capital presents a mortal threat, the decentralization of property, at the same time, acts as an obstacle in the way of renewal of the technical basis of production and thus to industrialization. So, its effect is to conserve the remnants of the subsistence economy. The whole point is that workers who had no property to start with do not gain any from that kind of redistribution of property. In general, inheritance law as such cannot be expected to improve the economic system; it is not the cause, but the consequence and the legal result of the existing economic organization of society.<sup>8</sup> The inheritance theory of these Islamic socialists, if consistently applied, would have exactly the opposite results to those anticipated, for it would tend to slow down and impede the develop-



ment of bourgeois relations, and leave many feudal survivals intact in the economy.

Again the Islamic socialists are by no means cutting under the foundations of capitalism when they oppose interest on loan.<sup>9</sup> In claiming that only the immorality of the practice of usury is repugnant to Islam, they are in effect condemning the injustice of the exploitation of one capitalist by another while fully condoning the exploitation of the working people. Interest is only a part of profits, and yet the latter is pronounced perfectly legitimate. Interests and profits are the phenomena of the same order; both are converted forms of the surplus value which the capitalist class appropriates to itself. The only end this can serve is to smooth the way for the development of private capitalist enterprise.

It follows, then, that the notion that the economic structure of society can be changed by means of such secondary institutions as taxes, inheritance law or interest on loans, is erroneous and unscientific. The class limitations of these conceptions of Islamic socialists are clearly reflected in their handling of the problem of private property. They try to prove that the Islamic concept represents a golden mean between the "absolute private property" of capitalism, with its stimulation of private enterprise and susceptibility to anarchic production, and the "absolute public property" of communism, which does away with ruthless competition and makes room for collective planning but is alleged to suppress the individual who is the initiator of economic activity.<sup>10</sup>

### *Stage of Capitalism Bypassing*

These theorists claim that the concepts they advocate are based on the *Quran*. According to the *Quran*, all material wealth belongs to *Allah*, and men use it by his grace. Private property is thus the property of the Maker, who has not seen it fit to divide it equally among his subjects. In fact it is *Allah's* express wish that the benefits of material wealth shall be bestowed upon the most deserving. In the *Kabus-name* there is a lesson to this effect: "The Lord has determined that some shall be rich and others shall be poor. Instead of making everybody rich, as he could have, he has created two levels in order to reveal the dignity and honour of some of his subjects, and distinguish the higher from the lower."<sup>11</sup>

Inasmuch as the right to private property is the gift of God, it is, of course, sacred and inviolable. In the language of theologian law-givers, transgression of this right is a crime, in it is the sin of *haram*. Religion stands guard, along with the state, over the inviolability of private property. In fact, its attitude to

those who violate the sanctity of that institution is particularly merciless. The *Quran* lists five crimes for which the severest penalties are imposed. Two of them are plunder and theft. The first is punishable by death, the second by amputation of the hand, or even death for repeaters. It is interesting to note that traditional Islamic law holds private property so sacred that even in the event of default it prohibits the confiscation of the debtor's property; the inviolability of his person is not so carefully protected, and he may even be arrested and thrown into prison.<sup>12</sup>

By virtue of varying historical and socio-economic conditions in the newly independent countries, the revolutionary efforts of the masses will show many distinctive features to the forms of non-capitalist development, termed "socialism" in many countries. Actually what this denotes is no "third" or "middle" economic structure, but rather, a traditional phase from the colonial, feudal or semi-feudal economy to socialism, without passing through the stage of capitalism as a whole or that of industrial capitalism.

In those states where there is a united national anti-imperialist front and revolutionary-democratic forces stand at the helm, the theoretical basis of the official political course is shaped by influences emanating from different classes, including the proletariat, if there is one, and the peasantry, petty-bourgeoisie and intelligentsia. As a result, these official ideologies, while containing progressive elements, are extremely eclectic in nature. The fact remains, however, that for all disparity between "national" socialist theories and scientific socialism, the former are often of great positive value objectively insofar as they pave the way for the progressive development of the newly independent countries.

B G BAIG

<sup>1</sup> See Muhammad Usman, *Iqbal and Economic Problems*, p 56.

<sup>2</sup> *Ibid*, p 60.

<sup>3</sup> *Ibid*, p 67.

<sup>4</sup> *The Pakistan Times*, Lahore, 12 April 1963.

<sup>5</sup> See the *Quran* (4, 8-15).

<sup>6</sup> M Siddiqi, *What is Islam?*, p 75.

<sup>7</sup> Derived from *Zaka*, "to be pure".

<sup>8</sup> The Pakistan Constitution of 1962, in Article 18 of the chapter on. Principles of Policy, speaks of the need to eliminate *riba* (usury).

<sup>9</sup> *Pakistan Economics*, 1959, p 229.

<sup>10</sup> Mufakkri, *Nasser's Islamic Socialism*.

<sup>11</sup> *Kabus-name*, p 21.

<sup>12</sup> See M Hamidullah, *Islam and Communism*.

## BOOK REVIEWS

### *The Panacea Reaffirmed*

SITA TOPPO, DYNAMICS OF EDUCATIONAL DEVELOPMENT IN TRIBAL INDIA, Classical Publications, New Delhi, 1979, pp xiv+288, Rs 80

EVER SINCE India passed under the British domination, there has been consistent interest in accumulating accounts on Indian tribes. To begin with, among others, anthropologists voraciously wrote descriptive details of the exotic customs and peculiar behaviour patterns of the tribal communities of the colonized India. With the end of the colonial regime, there has been a rapidly increasing concern with the problem of assimilation of the tribes into the mainstream of the state for their welfare. But, by and large, the colonial anthropological traditions have proved themselves to die hard.

Notwithstanding the shift it is still presumed that the tribals—arbitrarily identified communities—are backward enbloc because of cultural inertia and thus justifying the positive protective discrimination. Being totally insensitive to class and national exploitation, these anthropologists have forwarded the thesis that without continuing diffusion of capital, culture and institutions, tribal communities cannot develop on their own. They propagated therefore that change/mobility should be gradual, as rapid changes are inherently harmful. Social mobility resulting from education and other facilities has been presented in a veneer of academic professionalism without cognizing the fires which blaze underneath the “encultured” societies. It was no worry for the “value-free” scholars if the policies, geared to an unbalanced growth and reinforcement of inequality, forced the militant ethnic groups to meekly submit to the pillage—both internal and external—with a sembalance of power for the dominant and alienated sections who

are in due course co-opted at a subornate level. Without attending to these and other related fundamental issues, the tribal developmental studies, lost in descriptive narrations, come to sterile, inductive conclusions and ad hoc suggestions.

The volume under review is no exception to the general rule of anthropological researches in tribal development. Notwithstanding the broad title of the book, it only deals with the educational development among the Oraon of Ranchi district in Bihar. In fact, the Ph D dissertation title—"Education Then and Now among the Oraon"—should have been more appropriate than the changed title in this published form.

The author—an Oraon scholar—almost eulogizes the role of education as the basic condition for real social change, modernization and national integration. An oversimplified journalistic justification appears very frequently in the volume. For instance: "In a world based on science and technology it is the education that determines the levels of prosperity, the welfare and the security of the people. The destiny of India is now being shaped in her classrooms" or, "if a real national integration has to be achieved one cannot afford to ignore the importance of imparting formal education among the tribes". The author conclusively notes that education has certainly resulted in vertical, horizontal as well as geographical mobility, and "enabled the Oraons in changing their lives for the better,... granted them better social status and opened flood-gate of aspirations for their children" (p 256).

Anyway, the author, following the usual style, covers two chapters in ecological (because of "close relationship between geography and social sciences") and cultural details (like festivals), without ever analysing their bearings on the subject of the research. Next comes an otherwise very good account of the role of the traditional youth dormitory among the Oraons, except that of a superficial addition of the description of the same among the Murias of Bastar (Madhya Pradesh) and that of the Nagas, coupled with the American dating patterns—a superimposed comparison. We are informed that the traditional youth dormitories were educating the younger generations about the norms and values of the Oraon religious, socio-economic and politico-administrative life, and all the more, imparted sex education—not pre-marital sex relations but like the dating behaviour in the west (!), whose absence in the non-tribal India has left the growing girls ignorant of sex act, especially the knowledge that the act will result in pregnancy (silly). But alas, now the institution is disintegrating because

of cultural contacts, seasonal migration, factionalism, modern schools and Christianity.

Next in the run provides a detailed account of the contributions made by the Christian missionaries since 1831, the Adimajati Seva Mandal since 1940 and the constitutional and policy measures since independence geared to formal education at different levels. Informative as the details are, they fail to highlight the process of dynamics, being alienated from the historical and structural political economy. The causes for wastage and stagnation at the school level and the reasons for higher percentage of failure among the Oraon students at college level have been attended to without a structural diagnosis and thus fail to give an insight into the issue. Among the suggestions for reducing the stagnation, the author has recommended local recruitment of teachers, "punishment" to the teachers for the drop-outs, and "slight" modification of curriculum, and so on. Modern formal education as an innovation has been presented as a happy synthesis of tradition and modernization, without causing psychological or economic dislocation. An attitudinal survey—the common American variety of research accepted in this country since the sixties—of 450 students, 190 teachers and 75 guardians has arrived at the conclusion that education is more important than economic upliftment, as the former would automatically lead to the latter. Nonetheless, there are some small maladies of modern education as it developed conflicts between expectations and roles, adversely affected the close tie of kinship, declined ceremonial friendship, gradually destroyed the self-sufficiency of village economy, rapidly changed the traditional joint family system and discouraged the folk songs and dances. Some of these can be resolved by establishing such schools like the one at Kanke, which incorporates the good points of both traditional dormitory and modern school in tribal areas, although the illustration in support is ill-convincing.

In all probability, if another student of anthropology takes up a study amongst the same people but on road communication or electricity or health or mass media, he would certainly arrive at the similar conclusions attributed to education. This is no weakness of the data but because of the segmental view of reality in an anti-historical and anti-dialectical way. Without going to the fundamental issues of property relations and the concomitant politico-ideological interests, such researches will hardly prove rewarding for the people apart from being a salvage measure for the Establishment.

At the end, it may be mentioned that a little more care in proof reading would have avoided some of the printer's devils which irritate and sometimes confuse the reader. The book would have been much shorter if the author had not indulged in unbecoming narrations and shortened the tabular presentations. Simultaneously a number of arguments and positions of various social scientists have been mentioned without appropriate references; and ironically, the summary and conclusion of the volume appear after six long appendices and bibliography, together covering 25 pages, and many readers may easily miss to locate them; of course, without missing much.

SUGUNA PAUL

GEETA PURI, BHARATIYA JANA SANGH: ORGANISATION AND IDEOLOGY, Sterling Publishers, New Delhi, 1980, pp 292 Rs 90.

THE TITLE of the book, "Bharatiya Jana Sangh: Organisation and Ideology", is a misnomer as the book deals mainly with the Delhi unit of the Bharatiya Jana Sangh. The book has grown out of a Ph D dissertation submitted by the author to the Jawaharlal Nehru University. Divided into 10 chapters, it deals with the party's organization, ideologies, policies and programmes, the predominant influence of the Rashtriya Swayamsevak Sangh (RSS) on the party, electoral performance of the Delhi unit, the rifts and splits in the party, movements and agitations by the Delhi unit and its socio-economic and intellectual character.

The Jana Sangh was considered to be a party of exclusive interests, castes, area and community, that is, a party of petty-bourgeois sections of Hindus belonging to high castes of urban areas mostly of northern India. The intellectual orientation of the Jana Sangh was largely, in fact entirely, due to its inseparable, almost spiritual and close, organizational identification with the RSS. It is true that the intimate connection with the RSS strengthened the Jana Sangh organizationally and gave it a disciplined and unified cadre which not only helped the Jana Sangh in its organizational expansion but also provided a well-oiled machinery for electoral purposes. But then the RSS connection prevented the Jana Sangh from integrating with the national mainstream and acquiring a diversified mass base.

The author quotes statements of Jana Sangh leaders to prove the veracity of her statements regarding RSS-Jana Sangh links. For example when Balraj Madhok was expelled from the

party, he said: "It was not for ideological differences but for personality clash that I had been victimised. It is high time Jana Sangh separated from RSS" (p 54). She maintains that unless the RSS inspired Jana Sangh leaders shed off their RSS legacy, their partnership even in the democratic process will remain a question mark to Indian democracy itself (p 241). But then without RSS the Jana Sangh would be another Swatantra Party—a party of few leaders and no followers. In fact it is the RSS hard core which has made the Jana Sangh what it is today.

On the basis of her study the author further maintains that the Jana Sangh fulfilled merely the religio-cultural needs of the urban Hindus belonging to the lower middle and middle classes of northern India. Its character did not allow it to identify itself with the broad masses of the country. That is why most of its protest movements and agitations were on non-economic and non-political issues.

As a matter of fact, the party has not come to grips with the socio-economic problems of the country. It has no clear-cut programmes for landless labourers nor has it cut much ice on the trade union front. A party like the Jana Sangh, harping on ancient values and traditions, cannot gain much ground in a nation striving hard to wriggle out of traditionalism and steer its way clear along the path of modernization.

It is doubtful whether the movement initiated by Jayaprakash Narayan, as the author holds, introduced fresh thinking into its obscurantist orientation and gave a new dimension of socio-economic reality and democratic value to its politics. Despite its association even with this movement the party has become identified with reaction and revivalism. In this respect, some of the conclusions of the author are not borne out by the recent rifts and splits in the party.

All the same, the book being the first serious study by an Indian scholar on the organization and ideology of Jana Sangh, deserves the attention of all students of Indian politics.

K RAMAN PILLAI



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Class Struggle, Economic Laws and  
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## CONTRIBUTORS

*K BHARATAN is in the Madras Institute of Development Studies  
Madras.*

*CHANDRALEKHA is a dance and art critic from Madras.*

*DEEPAK M KAMBUJ is an architect and town planner from Delhi.*

*ABANTI KUNDU is Fellow in Geography, Centre for Studies in Social  
Sciences, Calcutta.*

*C T KURIEN is the Director of Madras Institute of Development  
Studies, Madras.*

*K RAMACHANDRAN NAIR is Reader in the Department of Economics,  
University of Kerala, Trivandrum.*

*K BALAN PILLAI is Research Scholar in the University of Kerala,  
Trivandrum.*

*HARISH K PURI is Reader in Political Science, Guru Nanak Dev  
University, Amritsar.*

*VIRENDRA K ROY is Lecturer in English, Shambhu Dayal College,  
Ghaziabad (UP).*

*RAAJ SAH is in the Economics Research Unit, University of Pennsylvania,  
Philadelphia.*

*RANJIT SAU is Professor at the Indian Institute of Management,  
Calcutta.*

RANJIT SAU

*Class Struggles, Economic Laws and Historical  
Materialism*

MARX first discovered "the great law of motion of history, the law according to which all historical struggles, whether they proceed in the political, religious, philosophical or some other ideological domain, are in fact only the more or less clear expression of struggles of social classes, and that the existence and thereby the collisions, too, between these classes are in turn conditioned by the degree of development of their economic position, by the mode of their production and of their exchange determined by it".<sup>1</sup> This law has the same significance for history as the law of transformation of energy has for natural science. Indeed, "the history of all hitherto existing society is the history of class struggles".<sup>2</sup> Where do *economic laws* then find their place in the midst of the ceaseless process of class struggles? If class struggles are a corollary of historical materialism, where do then economic laws stand? If economic "laws which are valid for definite modes of production and forms of exchange hold good for all historical periods in which these modes of production and forms of exchange prevail"<sup>3</sup>, what part then do they play in the contradictions within, and between, the basis and the superstructure of the society?

It is worthwhile to remember that classes and class struggles were recognized long before Marx came to formulate the laws of



motion of history. Ricardo, in the very preface of his magnum opus, defines the central problem of economics as that of division of the national product among the three contending classes—landlords, capitalists and workers—and then proceeds to enunciate economic laws fully taking into account class conflicts arising therefrom. Ever since the Great French Revolution, European history has revealed what actually lies at the bottom of events—the struggle of classes. The Restoration period in France had already produced a number of historians (Thierry, Guizot, Mignet and Thiers) who, in summing up what was taking place, were obliged to admit that the class struggle was the key to all French history.<sup>4</sup> Marx himself says: “No credit is due to me for discovering the existence of classes in modern society or the struggle between them. Long before me *bourgeois historians* had described the historical development of this class struggle and *bourgeois economists* the economic anatomy of the classes.”<sup>5</sup> Marx also laid bare the anatomy of class struggles which were endemic to capitalism from its earliest beginnings. This task was carried through in the third and fourth parts of the first volume of *Capital* and especially in the incomparable chapter 15 on Machinery and Modern Industry.

### *The Accumulation Process*

As capitalism crosses the early manufacturing period (from the mid-16th to the last third of the 18th century in England) and enters the next stage, namely, that of modern industry, the strife between workman and machine comes into prominence; women and children are pressed into the shop-floor; older forms of handicrafts and manufacture are ousted, and a new international division of labour (a division suited to the requirements of the chief centres of modern industry) springs up, so as to convert “one part of the globe into a chiefly agricultural field of production, for supplying the other part which remains a chiefly industrial field”. Marx then goes on to analyse the accumulation process, showing among other things: a) how the mechanism for adjusting the rate of wages to the value of labour power is radically different from that which adjusts the price of any other commodity to its value, with the reserve army of labour playing a key role of pivot upon which the law of demand and supply of labour works; b) how the normal outcome of capitalist accumulation must be a polarization between riches and poverty; c) why the form of the accumulation process must be one of cyclical ups and downs rather than a linear progression; and d) the manner in which competition of capitals

must lead, via concentration and centralization, to its own transformation into monopoly.<sup>6</sup> All this, on the one hand, reveals the economic basis of class struggle, and, on the other, reflects the inexorable operation of the law of value, which constitutes the economic theory of capitalism. It would appear therefore that class struggles and economic laws are not alien to each other; somewhere they are inter-related. This paper makes an effort to find the links between historical materialism, class struggles and economic laws.

### *STAGES AND FORMS OF CLASS STRUGGLE*

The form and content of class struggle depend upon the level of development of the productive forces, and they, in turn, determine the movement of the latter. "The class-struggle of the ancient world took the form chiefly of a contest between the debtors and creditors, which in Rome ended in the ruin of the plebian debtors. They are displaced by slaves. In the middle ages the contest ended with the ruin of the feudal debtors, who lost their political power together with the economic basis on which it was established."<sup>7</sup> However, the money relation was only a surface phenomenon; it reflected the deeper-lying antagonism between the general economic conditions of existence of the classes in question. As for the class struggle of the proletariat, in the modern period, Marx and Engels have analysed how it evolves with the development of productive forces.<sup>8</sup>

With its birth begins the struggle of the proletariat with the bourgeoisie. At first the contest is carried on by individual labourers, then by the work people of a factory, then by the operatives of one trade, in one locality, against the individual bourgeois who directly exploits them. They direct their attacks not against the bourgeois condition of production, but against the instruments of production themselves; they destroy imported wares that compete with their labour, they smash to pieces machinery, they set factories ablaze, they seek to restore by force the vanished status of the workman of the Middle Ages. At this stage the labourers still form an incoherent mass scattered over the whole country, and broken up by their mutual competition. This embryonic phase of class struggle soon passes away as the workers' localized struggles become centralized into one national struggle between classes. Improved means of communication and the expansion of large-scale capitalist production facilitate the organization of proletarians into a class. Marx and Engels have studied class struggles in England, France and Germany; Lenin and Mao Zedong have given us the analysis of the situation in Russia and China respectively.

On the basis of these theoretical and historical investigations it is now possible to make the following five observations on the nature and dynamics of class struggles.

First, *class struggle prevails continuously throughout the life of a mode of production, from its inception to its final decay.* The form and nature of the struggle vary in step with the development of productive forces; and the class struggle, in turn, reacts upon the productive forces, and production relations. A concrete *social formation* is an ensemble of more than one mode of production, while each mode harbours within itself its own class struggles. It follows that a given social formation is always subject to a complex pattern of class struggles. Perhaps, that is why Marx refers to "class struggles" in France in plural. The distinction between a mode of production and a social formation is quite important, both for theoretical analysis and for revolutionary practice. In *Capital* Marx is concerned with a mode of production (capitalist), while in *Eighteenth Brumaire*, for example, he deals with the social formation (France in the mid-19th century). The levels of abstraction are different in the two cases. In the former there are only two classes, and the struggle between them is relatively straightforward, whereas in the latter there are several classes engaged in a complicated maze of class struggles.

Second, *struggle takes place between any and every two classes.* That is to say, class struggles need not be confined to only between the exploited and the exploiting; to put it differently, class struggles can and do occur between two exploiting classes as well. The battle of interests of the landed aristocracy and the emergent bourgeoisie around the Corn Laws in England is a classic example of class struggles between two exploiting classes. "In ancient Rome the class struggle took place *only* within a *privileged* minority, between the free rich and the free poor, while the great productive mass of population, the slaves, formed the purely passive pedestal for these combatants".<sup>9</sup> The Roman proletariat lived at the expense of society, while modern society lives at the expense of proletariat (Sismondi). With the changes in material, economic condition in the meantime, class struggles in the modern world have assumed a radically different connotation.

Third, *class struggles tend to split the society into two warring parts, with the classes taking one side or the other.* This proposition can be best expounded with a quotation from Marx and Engels:

Collisions between the classes of the old society further, in many ways, the course of development of the proletariat. The bourgeoisie finds itself involved in a constant battle. At first

with the aristocracy; latter on, with those portions of the bourgeoisie itself, whose interests have become antagonistic to the progress of industry; at all times with the bourgeoisie of foreign countries. In all these battles it sees itself compelled to appeal to the proletariat, to ask for its help, and thus, to drag into the political arena . . . . Finally, in times when the class struggle nears the decisive hour, the process of dissolution going on within the ruling class, in fact within the whole range of old society, assumes such a violent, glaring character, that a small section of the ruling class cuts itself adrift, and joins the revolutionary class, the class that holds the future in its hands.<sup>10</sup>

This narration specially refers to the emergence and development of the capitalist mode of production. However, it provides the basis for a general proposition for class alignment, class alliance, and class contradictions.

Fourth, *every class struggle is a political struggle*,<sup>11</sup> and *all political struggles are class struggles*.<sup>12</sup> If class struggles have two aspects, namely, political and economic, then it can be said that the political aspect is even more important than, or has precedence over, the economic aspect at the decisive hours. In the course of investigating the peasant movement in Hunan, Mao Zedong observes as follows.

Once the peasants have their organisation, the *first* thing they do is to smash the *political* prestige and power of the landlord class, . . . the local tyrants and evil gentry, that is, to pull down landlord authority and build up peasant authority in rural society. This is a most serious and vital struggle. . . . Without victory in this struggle, no victory is possible in the *economic* struggle to reduce rent and interest, to secure land and other means of production, and so on.<sup>13</sup>

On this issue Marx and Engels have this to say: "The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present, they also represent and take care of the future of that movement".<sup>14</sup> Evidently neither the attainment of immediate aims nor the representation of the future of the movement is possible unless the class struggle secures its political objectives.

Fifth, and finally, *all class struggles . . . turn ultimately on the question of economic emancipation*. This is an observation of Engels. Significantly, he goes on to add: "Therefore, here at least, the state—the political order—is the subordinate, and civil society—

the realm of economic relations—the decisive element.”<sup>15</sup> This is to say, economic relations have greater and more decisive influence upon the course of class struggle than what the political order has. And, economic emancipation constitutes the major object of class struggles. As Lenin puts it: “Politics is the concentrated expression of economics”.

The most relevant parts of these five theses on class struggles in the present context can be summed up as follows: A society is subject to a continuous criss-cross of class struggles which divides the society into two contending segments, with every class joining one side or the other. A class struggle is essentially a political struggle, but its fundamental aim is economic emancipation of the exploited class. Forces of production and class struggles are dialectically related in that the form and content of class struggle are determined by the level of development of productive forces which, in turn, are influenced by the course of class struggle itself. A progressive class struggle combines the pursuit of immediate aims with that of ultimate revolutionary objectives. It is this dualism which separates a revolutionary class struggle from sheer economism or from ultra-left adventurism.

### *ECONOMIC LAWS*

Like Hegel, Marx recognizes the distinction between political and economic, that is, between state and civil society. The separation of the economic from the political was historically confirmed by the breakdown of extra-economic coercion in economic life that was part of feudalism; the emergence of free labour was a central event in the development of capitalism. As a historical description, however, a complete separation of civil and political society is not accurate. The state played a major role in the development of capitalism in Germany, Japan, Italy, England and Russia. Only in England could the state pretend for a while to be absent from the civil society, after the passage of Free Trade Legislation and Banking Acts in 1845; but even there the state was active in maintaining the overseas Empire.

Marx sums the inter-relationship between the state and civil society as follows: “Legal relations... [(and)... political forms... originate in the material conditions of life, the totality of which Hegel... embraces within the term ‘civil society’;... the anatomy of this civil society, however, has to be sought in the political economy”.<sup>16</sup> He proceeds to elaborate it in the following words: “In the social production of their existence, men inevitably enter into definite relations, namely, relations of production appropriate

to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness". Later on, Marx tones down this rigid economic determinism and underlines the dialectical interaction between the base and the superstructure of society. Economic laws are those laws which govern production and distribution of the social product. The law of value is the fundamental law for the capitalist mode of production. The law of value, therefore, is an integral part of historical materialism, in the context of capitalism. It provides the framework within which class struggles take place; the wage rate, for instance, is determined by the struggle between the proletariat and the bourgeoisie; the length of the working day is similarly a product of class struggle which the state in due course sanctifies through legislation (vide *Capital*, vol I, ch 10, for Factory Acts in England); the rate of interest is dependent upon the relative strength of finance capitalists vis-a-vis the industrial capitalists; the absolute ground rent is an outcome of the tussle between landlords and capitalists. The state intervenes in these struggles that occur in the domain of civil society. Class struggles are not totally outside the purview of economic laws; nor are the operations of economic laws independent of class struggles.<sup>17</sup>

One of the distinguishing features of political economy is that its laws, unlike those of natural science, are impermanent in that they, at least the majority of them, operate for a definite historical period, after which they give place to new laws.<sup>18</sup> So does the law of value which is the law of political economy of capitalism. The law of value and class struggles are both essential features of capitalism, from inception to final disappearance, both of them together constitute the political economy of capitalism. With the change in economic conditions both of them under-go changes. While apparently the law of value and class struggles are the "economy" and the "political" aspects of the society, it is incorrect to say that the former is "subordinate" to the latter.<sup>19</sup> Capitalism evolves through the operation of the law of value and through class struggles, and vice versa. The law of value yields place to the *law of price* which in turn paves the way for the *law of monopoly price*; the form and content of class struggles also are transformed in due course. It is therefore pointless to claim that the law of value is preceded by historical materialism or class struggles. The question of precedence or supremacy of one over the other is a false question.

The law of value in its rudimentary form holds in a pre-capitalist economy as well; with the advent of capitalism it turns into the law of price, which is still organically related to the law of value. Similarly, class struggles take place in every class-ridden society, capitalist or pre-capitalist. An underdeveloped economy of Asia, Africa or Latin America essentially harbours more than one mode of production, where the capitalist mode is, or is becoming, predominant. The specific features of such an underdeveloped capitalism are a historical product of how and under what conditions it came to be assailed by imperialism. Individual peculiarities vary according to the way it was penetrated under the dominance of merchant capital, commodity capital and finance capital and its internal structure at that time. Even though it is not yet a full-fledged capitalist economy, it can nevertheless be conceptualized in terms of the law of value (which, according to Marx and Engels, holds in capitalist as well as pre-capitalist economies). Marx's main contribution to the law of value is the concept of *surplus value*. Besides, he shows the origin and development of surplus value in its generic form, which then gets split into its particular forms, namely, rent, interest, and profit. As Marx puts it: "In contrast to *all* former political economy, which *from the very outset* treats the particular fragments of surplus value with their fixed forms of rent, profit, and interest as already given, I first deal with the general form of surplus value, which all these fragments are still undifferentiated—in solution, as it were. ... The treatment of the particular forms by classical economy, which always mixes them up with the general form, is a regular hash".<sup>20</sup> He considers this to be one of "the three fundamentally new elements of the book" (*Capital*). Now, the germ of struggles between the ruling classes (landlords, finance capitalist, merchant capitalist, and industrial capitalist) lies in the fight over the surplus value; at once it also points to the source of class conflicts between the exploiter and the exploited. The ruling classes, in order to reduce their internal tension, step up the rate of exploitation and extract greater surplus value for division among themselves. Thus the law of value and class struggles operate simultaneously.

Usually we are more familiar with the concept of class conflict between the exploiter and the exploited, and somewhat less aware of the internal contradictions of the ruling classes. Partly it is due to the obsession with a very simplified version of the Marxian law of value where the entire surplus value is taken to be converted into profit.<sup>21</sup> In an underdeveloped capitalist economy the landlords, merchants and finance tycoons are no less

important than industrial capitalists. In fact, it is perhaps because of the struggle among the three ruling classes to get a better share of the surplus value that the pattern of income distribution is much worse in an underdeveloped capitalist economy; also perhaps because of this that the distribution becomes worse in course of time.

By overlooking the generalized version of the Marxian law of value we are also sometimes led to believe in an artificial separation between the law of value and historical materialism. Class struggle is not a holy cow. It is not the preserve of the working class alone. The ruling classes also wage it to promote their class interests. There are two types of class struggles: progressive and reactionary. Marx did not discover either class or class struggle. What he discovered is the essence of progressive class struggles. A class struggle is progressive if it contributes to the march of history towards the dictatorship of the proletariat. All other class struggles are reactionary.<sup>22</sup>

- <sup>1</sup> F Engels, Preface to the third German edition of Karl Marx, "The Eighteenth Brumaire of Louis Bonaparte", in Marx-Engels, *Selected Works*, Vol 1, Moscow, 1969, pp 396-397.
- <sup>2</sup> Marx and Engels, "Manifesto of the Communist Party", in Marx-Engels, *Selected Works*, Vol 1, p 108.
- <sup>3</sup> Engels, *Anti-Duhring*, Moscow, 1962, p 204.
- <sup>4</sup> V I Lenin, "Karl Marx", in *Collected Works*, Vol 21, p 58.
- <sup>5</sup> Marx's letter to J Weydemeyer, 5 March 1852, in Marx-Engels, *Selected Correspondence*, Moscow, 1965, p 69. Emphasis added.
- <sup>6</sup> P M Sweezy, "Marxian Value Theory and Crises", *Monthly Review*, July-August 1979, p 4.
- <sup>7</sup> Karl Marx, *Capital*, Vol 1, Moscow, 1965, pp 135-136.
- <sup>8</sup> Marx and Engels, "Manifesto," *Selected Works*, *op cit*, pp 115-117.
- <sup>9</sup> K Marx, "The Eighteenth Brumaire of Louis Bonaparte", in Marx-Engels, *Selected Works*, Vol 1, p 395. Emphasis added.
- <sup>10</sup> Marx and Engels, "Manifesto", *op cit*, p 117.
- <sup>11</sup> *Ibid*,
- <sup>12</sup> F Engels, "Feurbach and the End of Classical German Philosophy", in Marx-Engels, *Selected Works*, Vol 3, p 369.
- <sup>13</sup> Mao Zedong, "Report on an Investigation of the Peasant Movement in Hunan", *Selected Works*, Vol 1, Peking, 1960, p 35.
- <sup>14</sup> Marx and Engels, "Manifesto", *op cit*, p 136; Lenin, "Karl Marx", *op cit*, p 77.
- <sup>15</sup> Engels, "Feurbach", *op cit*, p 369.
- <sup>16</sup> K Marx, *A Contribution to the Critique of Political Economy*, Moscow, 1970, p 20.
- <sup>17</sup> This is not to say, as the bourgeois economists do, that there is one degree of freedom in the Marxian economic model, and that the exogenous determination of wage rate through class struggles closes the system.
- <sup>18</sup> J V Stalin, *Economic Problem of Socialism in the USSR*, Peking, 1972, p 4.
- <sup>19</sup> For this incorrect view, see Samir Amin, *The Law of Value and Historical Materialism*, New York, p 3.
- <sup>20</sup> Marx and Engels, *Selected Correspondence*, pp 192-198.
- <sup>21</sup> R Sau, "Towards the General Law of Value", *Frontier*, Autumn 1980.
- <sup>22</sup> Marx and Engels, *Selected Correspondence*, p 69.



C T KURIEN

*The "Scale Factor" in Agriculture: An Analysis  
of Some Tamil Nadu Data*

THE discussion of the impact of the scale factor in agricultural performance goes back at least to the early sixties when, on the basis of the data from the farm management studies, a lively discussion ensued on what came to be referred to as the "size-productivity relationship". A finding that received considerable attention at that time was the alleged inverse relationship between farm size and productivity per acre which led to many writings about its theoretical and policy implications.<sup>1</sup> There was then a lull for a while, but the debate was reopened towards the end of the decade when Ashok Rudra questioned the empirical regularities assumed in the debate and stated that the relation between yield and farm size is spurious.<sup>2</sup> About the same time a new dimension was added to the discussion in terms of the impact of the new technology introduced into Indian agriculture during the period of the "green revolution".<sup>3</sup> Whereas the central issue in the first phase of the discussion was scale in relation to production efficiency, the emphasis shifted to scale in relation to sharing of benefits in the second phase. More recently Sen and Rudra, who appeared to have been on opposite sides of the debate, have come out with a joint paper in which they say "the positions taken in the past by the present authors might have appeared sharply

divergent, though the two authors themselves find that such was not the case, and that a common statement is possible on many issues involved in the debate."<sup>4</sup>

A review of the studies of the past indicates that the major issues debated have been the following:

- i) Is there any identifiable relationship between size of farms and productivity?
- ii) Do production processes of farms vary with variations in the scale of operations?
- iii) If they do, is it because of technological reasons or because of the differences in the market conditions that farms of different sizes confront?
- iv) In relation to iii) are the differences between farms of different sizes related to size as such, or to different systems of farming, in particular between farming based primarily on family labour and farming based on wage labour?
- v) Do farms of different sizes and/ or those belonging to different systems of farming as mentioned in iv) differ in their "access" to technology and to inputs?
- vi) From that point of view, do farms of different sizes and/or of different farming systems differ in their adoption of modern technology and thereby also in the sharing of the benefits arising from it?

### *Analysis in Wider Context Needed*

It would appear reasonable to say that debates on all these issues remain inconclusive, partly because of the nature of the data used in the discussion and partly because of the procedures of analysis. In particular, the issue raised in iv) above has not received the attention it deserves, although the character of the debate on most of the other aspects is related to it and policy prescriptions also hinge vitally on it.<sup>5</sup>

During the last two decades, therefore, a number of problems relating to the scale factor in agriculture have been raised and discussed, although many unresolved issues still remain. But the discussion has been substantially restricted to static analysis, particularly relating to input utilization, production patterns and differentials in the adoption of technology. Even the theoretical issues that have emerged from the discussion, as for instance the interlinking of factor markets, have been confined to static problems.<sup>6</sup> However, the scale factor may have greater impact on the long-term growth possibility of farms of different sizes which, in

turn, may have wider implications on the future prospects of agriculture and the economy as a whole. This set of issues which did not figure in the discussions of the past deserves attention. It is also necessary to look at the scale factor in the wider context of the operations of the economy.

The data contained in the Studies in Economics of Farm Management (SEFM) conducted on a sample survey basis in Thanjavur district in 1967-68 and in 1969-70 and in Coimbatore district from 1970-71 to 1972-73 make it possible to explore some of these aspects of the scale factor.<sup>7</sup> They also touch upon some of the other questions listed above. An analysis of the SEFM data to gain a better insight into the scale factor in agriculture is the objective of this paper. It emerges that many farm operations are indeed scale neutral, but there are also some identifiable differences that scale introduces. In particular, it is seen that farms of different sizes differ in terms of the utilization of basic factors, owned land and owned labour. This theme is further developed later on and some of its dynamic aspects are brought out using also data from other sources pertaining to the state. In the end a brief reference is made to the implications of the findings.

The Thanjavur SEFM were conducted separately for 1967-68 and for 1969-70. Only information pertaining to the second year is used as the first period was one of severe drought in the state. The Coimbatore study gives information for 1970-71, 1971-72 and 1972-73 and the average for the three years. Unless otherwise specified, the average figures are made use of in the analysis that follows.

The two studies differ in their size classifications. In the Thanjavur study the groups are upto 1.16 hectares, 1.17 to 2.02, 2.02 to 3.05, 3.06 to 5.71 and above 5.71 hectares. Since the very large farms have all been clubbed together into one group, the usefulness of the study from the point of view of the impact of the scale factor is considerably limited. Altogether only 150 farms (operational holdings) were studied and their distribution on the basis of size shows that the lowest three groups account for 23.33 percent each, the fourth 16.67 percent and the top group 13.34 percent. The average size of holdings is 3.06 hectares which compares with 1.23 hectares for the district as a whole as given in the *World Agricultural Census*. Table I shows the breakdown of investment in different assets according to size groups. Land and buildings put together account for between 80 and 85 percent in all size groups. The share of major implements moves up and that of minor implements moves down with size. Livestock and durable consumer

TABLE I  
PERCENTAGE OF INVESTMENT IN DIFFERENT ASSETS (THANJAVUR)

Items	Size of cultivators' holding (in hectares)					All farms
	Upto 1.16	1.17- 2.02	2.03- 3.05	3.03- 5.71	Above 5.71	
Land	56.47	61.37	63.70	64.73	62.65	62.88
Dwelling house	26.84	21.21	16.21	15.68	19.50	18.63
Other building	1.76	0.29	2.15	2.61	2.70	2.35
Major implements	1.19	2.09	2.34	2.35	4.48	3.33
Minor implements	0.40	0.37	0.27	0.22	0.16	0.23
Livestock	5.29	6.44	4.57	3.84	2.45	3.55
Durable consumer goods	3.44	3.22	2.61	3.07	1.95	2.45
Financial assets	4.61	5.01	8.15	7.50	6.11	7.58
Total	100.00	100.00	100.00	100.00	100.00	100.00

SOURCE: *Studies in the Economics of Farm Management in Thanjavur* (1969-70), p 28.

goods as a proportion are inversely related to size. In the case of financial assets the proportion moves up till the third size group and then comes down. Apart from land and buildings, livestock constitute the largest item for the first and second groups and financial assets for the other three.

The distribution pattern of farm implements is shown in Table II. Per farm and per hectare also the value of major improved implements is positively related to size. The value of

TABLE II  
VALUE OF IMPLEMENTS: MAJOR AND MINOR IMPROVED AND TRADITIONAL—PER FARM AND PER HECTARE (IN RS) THANJAVUR

Type of implements		Size group in hectares					All farms
		Upto 1.16	1.17- 2.02	2.03- 3.05	3.06- 5.71	Above 5.71	
Major improved	a	—	1	4	5	8	18
	b	—	140.06	354.28	612.00	4468.35	813.13
	c	—	90.11	141.28	144.48	481.53	265.65
Major traditional	a	10	11	19	26	37	103
	b	67.14	89.14	134.14	336.00	622.00	208.03
	c	92.27	57.35	53.49	79.32	68.11	67.97
Minor improved	a	6	10	12	13	13	54
	b	1.20	2.19	6.37	7.88	17.35	5.90
	c	1.65	1.41	2.54	1.86	1.87	1.93
Minor traditional	a	35	35	35	25	20	150
	b	28.54	38.17	50.20	80.92	176.20	64.26
	c	39.22	24.56	20.09	19.10	18.99	20.99

NOTE: a) No of farms owning  
b) Value per farm  
c) Value per hectare

SOURCE: *SEFM, Thanjavur* (1969-70), pp 34-35.

major traditional implements also moves up with size when considered per farm, but there is no such clear relationship with size when it is considered per hectare. The highest figure is in the case of the smallest size group and the lowest in the case of the middle group. The value of major traditional implements per hectare is very low for the top group as well. Minor improved implements are also positively related with size on the basis of per farm calculation, but on the basis of per hectare calculation, the figures do not show any clear pattern and are very close to one another. Minor traditional implements per farm increase in value with size but decrease with size when calculated per hectare. Another matter worth noting is that except in the case of minor traditional implements the number of farms reporting implements increases with size although the smaller farms are larger in number. This is very distinctly seen in major improved implements and major traditional implements. In the latter there appears to be some discrepancy because the number of farms reporting implements in the last two size classes is larger than the total number of farms in those groups. The overall picture is that the larger farms rely on major implements, both improved and traditional, but particularly improved, and the smaller farms depend on traditional implements, both major and minor. The impact of the scale factor on farm operations is thus very clearly seen.

The differences in inputs according to size are seen in Table III. The most striking aspects are that family labour as a proportion declines with size from 11.37 in the case of the lowest to 4.79 in the case of the highest, that rent paid on leased in land comes down steeply with size from 18.81 in the case of the lowest to 1.56 in the case of the largest and that imputed value of owned land increases with size. Although there is a big difference between size groups on the basis of family labour, they are seen to be more alike in the use of hired labour. Hired labour constitutes 22.29 percent of inputs in the first size group, with the second size group showing almost the same proportion. It moves up to 28.18 percent in the fourth group and then comes down to 25.59 percent in the top group. In terms of the use of seeds and fertilizers also there is not much of a difference between farms of different sizes. Bullock labour as a proportion ranges between 4.23 percent (in the case of the highest group) and 8.04 percent (in the case of the second group). But there is no clear size pattern in this matter. Land and labour, not surprisingly, account for the two major items in the inputs of all size groups, and inter-group differences in these two are not very large. However, the farms differ considerably in the

TABLE III  
PERCENTAGE BREAK-UP OF TOTAL INPUT (THANJAVUR)

		Size group in hectares					All farms
		Up to 1.16	1.17- 2.02	2.03- 3.05	3.06- 5.71	Above 5.71	
Human labour	Family	11.37	10.23	6.85	7.41	4.79	6.95
	Hired	22.29	22.28	27.45	28.18	25.59	25.96
Bullock labour		6.54	8.04	7.23	6.58	4.23	6.04
Seed		4.32	4.97	4.68	4.26	5.04	4.72
Manure		5.48	3.08	3.58	3.51	2.87	3.47
Fertilizers		8.53	8.02	8.29	9.06	8.58	8.56
Pesticides		0.89	0.55	0.59	0.59	0.36	0.52
Miscellaneous		0.43	0.49	0.54	0.37	0.62	0.51
Dep on implements		1.46	1.37	1.60	1.71	3.92	2.44
Land revenue and water charges		1.60	1.51	1.75	2.21	2.62	2.14
Interest on fixed capital		1.36	1.47	1.62	2.07	3.71	2.46
Interest on working capital		0.40	0.39	0.41	0.38	0.67	0.50
Rent paid		18.81	17.72	13.74	7.50	1.56	8.60
Rental value		16.52	18.98	21.67	26.17	35.44	27.13
Total		100.00	100.00	100.00	100.00	100.00	100.00

NOTE: Rent paid refers to the actual rent on leased in land.

Rental value is the imputed rent of owned land.

SOURCE: *SEFM, Thanjavur* (1969-70), pp 70-71).

input proportions of own labour and own land which must have a bearing on their earnings.

### COIMBATORE STUDIES

We shall now turn to the studies done in Coimbatore. The operational holdings here are divided into the following size groups: 0.01 to 2.02 hectares; 2.03 to 3.34 hectares; 3.35 to 5.67 hectares 5.68 to 10.52 hectares and 10.53 hectares and above.

Approximately, the first two groups in the Thanjavur case correspond to the first group in Coimbatore, but the Coimbatore study splits the top group in Thanjavur into two.

The sample in the Coimbatore study also consisted of 150 farms. The average size of the holding was 5.82 hectares, considerably larger than in Thanjavur. The average size of holding in the district as shown in the *World Agricultural Census* is 2.78 hectares which, as in the case of Thanjavur, is much lower than the average size of holding in the sample. Going into details of the composition of the sample, it is seen that the first group accounts for 20 percent of the holdings and 4.29 percent of area. The corresponding proportions in the other groups are 22.44 and 10.28 for the second group, 20.45 and 15.85 for the third group, 22.89 and 30.12 for the fourth group and 14.22 and 39.46 for the top group, indicating the unequal distribution of land among the different size

groups. The breakdown of investment in different assets of the size groups is shown in Table IV. The classification of assets is not strictly comparable with that of Thanjavur. On the average, non-farm assets consisting of dwelling house, other buildings, jewellery, other durables and cash account for 12.13 percent and is the highest in the first group. From then it comes down steadily, but moves up again in the case of the fifth group. Among farm assets, land, naturally, has the predominant position, claiming 67.17 percent of the total assets. The distribution of the different kinds of assets appears to be fairly even among the different size groups. The only major exception is that for the smallest size group where in farm animals account for a much higher percentage of total assets than in other groups.

TABLE IV

VALUE OF FARM ASSETS PER HOLDING (EXCLUDING LEASED-OUT LAND)  
ACCORDING TO MAJOR HEADS (COIMBATORE)

Items of Assets	Size group (in hectares)					
	0.01- 2.02	2.03- 3.34	3.35- 5.67	5.68- 10.52	10.53 and above	All farms
Value of land	11714.62 (59.93)	28824.04 (64.13)	40314.18 (63.15)	87999.33 (72.80)	142006.94 (65.80)	57201.3 (67.17)
Cattle shed, storage etc.	268.45 (1.37)	698.46 (1.55)	671.49 (1.06)	1114.57 (0.92)	3390.88 (1.57)	1087.89 (1.28)
Wells and irrigation structure	2507.72 (12.83)	5494.89 (12.27)	9127.12 (14.36)	13207.54 (10.94)	27098.76 (12.56)	10498.42 (12.33)
Tools, implements and machinery	853.30 (4.37)	2464.33 (5.48)	2649.47 (4.17)	3737.38 (3.10)	10942.38 (5.07)	3676.35 (4.32)
Farm animals	853.39 (4.37)	1239.85 (2.76)	2181.81 (3.43)	2985.10 (2.47)	5536.60 (2.57)	2365.23 (2.78)
Total farm opera- tional assets	16202.48 (82.89)	38721.57 (86.14)	54764.08 (86.16)	109043.92 (90.32)	188975.57 (87.57)	74829.24 (87.87)
Dwelling house and other buildings	2051.19 (10.49)	4557.44 (10.14)	5634.96 (8.87)	6732.74 (5.58)	15039.61 (6.97)	6260.96 (7.35)
Jewellery, other durables and cash in hand	1292.05 (6.62)	1670.37 (3.72)	3158.29 (4.97)	4946.13 (4.10)	11786.64 (5.46)	4069.95 (4.78)
Total non-farm operational assets	3343.24 (17.11)	6227.81 (13.86)	8793.25 (13.84)	11678.87 (9.68)	26826.25 (12.43)	10330.91 (12.13)
Total assets	19545.72 (100.00)	44949.39 (100.00)	63557.33 (100.00)	120722.79 (100.00)	215801.82 (100.00)	85160.15

SOURCE: *Studies in Economics of Farm Management Coimbatore* (1970-71 to 1972-73)

About the same pattern is seen even in the matter of the value of tools and machines possessed by the size groups as shown in Table V. The average line value of tools is Rs 20.69 per hectare and it is the highest for the first size group and the lowest for the third. Implements have an average value of Rs 107.37 per hectare with the top group showing the lowest and the third group the highest. Even in the case of machinery where the average value is

TABLE V  
NUMBER AND VALUE OF TOOLS, IMPLEMENTS AND MACHINERY PER HECTARE  
(COIMBATORE)

	<i>Size group in hectares</i>					
	<i>0.01- 2.02</i>	<i>2.03- 3.34</i>	<i>3.35- 5.67</i>	<i>5.68- 10.52</i>	<i>10.53 and above</i>	<i>All farms</i>
<i>Number per hectare :</i>						
Tools	18.66	12.53	9.14	7.47	5.83	8.21
Implements	3.04	2.17	1.56	1.33	1.05	1.43
Machinery	0.38	0.39	0.36	0.31	0.23	0.30
<i>Value per hectare :</i>						
Tools	42.67	27.68	17.75	18.41	19.21	20.69
Implements	135.50	130.90	140.68	103.81	87.72	107.37
Machinery	535.10	799.19	469.55	406.11	650.76	558.52

SOURCE : SEFM Coimbatore (1970-71 to 1972-73)

Rs 558.52 per hectare, the distribution does not show any clear size pattern. The highest position goes to the second size group and the next to the fifth group but there is a big difference between the two. Hence unlike in Thanjavur there does not appear to be any firm relationship between the size of holdings and agricultural operations to the extent that it can be judged on the basis of value of agricultural implements.

The similarity of farm operation across size groups is also seen in Table VI dealing with the break-up of share of inputs in cultivation. The cost A<sub>1</sub> items (inputs actually paid for) taken together show a uniformity among size groups (ranging between 54.78 and 57.04 and with an average of 56.57) which is very striking indeed. In fact, the only inputs that seem to show any kind of size pattern are rental values of land of which rent on leased in land is very high for the smallest group, declining almost steadily thereafter and the rental value of owned land being positively related with size. Similarly, the value of family labour also shows a distinct size pattern, being as high as 8.79 percent of the total for the smallest and as low as 0.57 for the biggest size group. The evidence, therefore, is that the scale factor is quite pronounced in terms of the basic inputs, land and labour, but is largely absent in the case of purchased inputs.



The cropping pattern also appears to be scale neutral as can be seen from Table VII. Food crops taken together account for between 62.83 and 65.04 percent among the different size groups with an average of 64.18 percent with non-food crops

TABLE VI  
PERCENTAGE BREAK-UP OF TOTAL INPUT (COIMBATORE)

Item	Size group (in hectares)					
	0.01- 2.02	2.03- 3.34	3.35- 5.67	5.68- 10.52	10.53 and above	All farms
1 Hired human labour (casual)	13.87	14.60	14.44	15.77	14.80	14.98
2 Hired human labour (permanent)	1.17	1.39	2.44	4.46	4.94	3.68
3 Owned bullock labour	8.21	7.64	6.48	5.32	5.35	6.02
4 Hired bullock labour	1.52	0.83	0.84	0.50	0.11	0.53
5 Machine labour (owned and hired)	0.26	0.92	0.17	0.19	1.81	0.79
6 Seeds (owned and purchased)	8.40	8.75	8.88	9.10	7.79	8.57
7 Farmyard manure	0.94	0.75	1.02	0.70	0.37	6.93
8 Fertilizer	6.76	6.57	7.45	6.21	5.39	—
9 Plant protection	0.43	0.60	0.67	0.82	0.76	0.72
10 Depreciation	3.41	4.05	3.44	3.50	3.99	3.72
11 Land revenue	0.86	0.69	0.87	0.71	0.67	0.73
12 Irrigation charges	6.33	7.10	7.66	7.42	8.07	7.54
13 Interest on working capital	0.94	1.00	1.02	1.06	1.02	1.02
14 Miscellaneous expenditure	1.68	1.32	1.64	1.28	1.19	1.34
15 Cost A <sub>1</sub>	54.78	56.21	57.02	57.04	56.26	56.57
16 Rent on leased in land	6.83	1.11	3.10	0.41	0.22	1.29
17 Cost A <sub>2</sub>	61.61	57.32	60.12	57.45	56.48	57.86
18 Rental value of owned land	26.31	29.96	31.34	36.69	37.22	34.43
19 Interest on fixed capital	3.31	4.63	3.73	3.43	5.73	4.35
20 Cost B	91.23	91.91	95.19	97.57	99.43	96.74
21 Value of family labour	8.77	8.09	4.81	2.43	0.57	3.26
22 Cost C	100.00	100.00	100.00	100.00	100.00	100.00

SOURCE: EFM, Coimbatore (1970-71 to 1972-73), p 60.

accounting for the rest. Even within the food crop category the variations are not very prominent taking cereals, pulses and other food crops as sub-totals. However, when we turn to particular crops differences are noticed, especially in paddy which claims 20.12 percent in the first size group, declining steadily to 6.31 in the fifth size group. Correspondingly, it would appear that the miscellaneous category "other crops" claims a much higher share in the fifth size group than in all the others.

On the basis of the evidence we have, it seems reasonable to conclude that agricultural operations are fairly uniform among

TABLE VII  
CROPPING PATTERN (COIMBATORE)

	Size group (in hectares)					
	0.01- 2.02	2.03- 3.34	3.35- 5.67	5.68- 10.52	10.53 and above	All Farms
a) Paddy	20.12	13.67	14.75	12.70	6.31	11.38
Cholam	51.81	15.49	17.40	15.30	19.19	17.03
Cumbu	4.39	5.13	5.02	5.33	8.18	6.18
Ragi	2.74	3.19	2.92	2.46	3.80	3.10
Groundnut	19.52	22.94	20.46	23.46	14.05	19.47
Sugarcane	3.73	4.01	3.60	4.78	5.75	4.76
Cotton	7.15	5.12	5.96	6.30	5.58	5.90
Other crops	26.54	30.45	29.89	29.67	37.14	32.18
Total	100.00	100.00	100.00	100.00	100.00	100.00
b) Cereals	45.62	42.89	45.71	43.18	46.07	44.68
Pulses	5.55	5.22	4.00	4.39	4.06	4.37
Other food crops	13.17	14.73	15.33	16.00	14.66	15.13
Total food crops	64.34	62.84	65.04	63.57	64.79	64.18
Oilseeds	26.85	31.17	26.96	28.85	26.13	27.79
Other non-food crops	8.81	5.99	8.00	7.58	9.08	8.03
Total non-food crops	35.66	37.16	34.96	36.43	35.21	35.82
Total	100.00	100.00	100.00	100.00	100.00	100.00

SOURCE: FMS Coimbatore, pp 26-32.

the size groups, but they differ in terms of the utilization of the basic factors, owned labour and owned land.

### *Size-Farm Business Income Link*

In the light of these findings we shall probe further into the differential use of basic factors by farms of different sizes.

The SEFM Coimbatore has calculated Farm Business Income (FBI), which is the gross receipts from farm operations minus the  $A_1/A_2$  costs. Cost  $A_1$  approximates the actual expenditure incurred in kind and cash and includes the following items: hired human labour, owned and hired bullock labour, machine labour, seeds, manures and fertilizers, plant protection chemicals, depreciation on implements, machinery and farm building and so on, land revenue, cess, water rates, and interest on working capital. Cost  $A_2$  is cost  $A_1$  plus rental value of leased in land in the case of tenant operated farms. Thus FBI is the measure of earning of a farmer and his family for management, risk, their labour and capital investment.

Table VIII gives details necessary for an analysis of FBI. It can be seen that FBI increases with the size of the farm going up from Rs 1680.61 in the case of the smallest to Rs 9135.71 in the case of the biggest. This positive association between farm size and FBI is not surprising. But it can be seen that per unit of land FBI is

inversely related with size, with the smallest farm showing Rs 1345 and the largest one Rs 565. On the other hand, per member of the family FBI, again not surprisingly, is positively correlated with size.

Table IX shows that the return to capital also is the highest for the smallest size group and the lowest for the largest although the three intermediate groups do not show any definite scale factor.

Thus looking at the smallest and the largest groups we have the following evidence: Per unit of land and per unit of capital the performance of the small farms is much better than that of the big farms. This is specially true in the case of capital. If we are only concerned with static efficiency in performance, we have, therefore, to conclude that the small farms are more efficient than

TABLE VIII  
ANALYSIS OF FARM BUSINESS INCOME (COIMBATORE)

	Size group in hectares					
	0.01- 2.02	2.03- 3.34	3.35- 5.67	5.68- 10.52	10.53 and above	All farms
Average size of the farm (in hectares)	1.25	2.67	4.51	7.67	16.16	5.82
Average number of family members per farm	4.61	4.54	5.13	5.92	6.00	5.19
FBI per farm	1680.68	2370.98	4250.30	7887.93	9135.71	4798.39
FBI per hectare	1344.54	888.01	942.42	1028.41	565.33	824.47
FBI per family member (per year)	364.74	531.31	828.54	1384.56	1536.16	927.12

SOURCE : SEFM Coimbatore (1970-71 to 1972-73), p 20 and p 83.

TABLE IX  
PERCENTAGE OF RETURN ON OWNED CAPITAL INVESTMENT PER FARM  
(EXCLUDING LAND) COIMBATORE

	Size group in hectares					
	0.01- 2.02	2.03- 3.34	3.35- 5.67	5.68- 10.52	10.53 & above	All farms
Value of owned fixed and working capital, excluding land	5202.96	11013.80	17849.25	25571.06	69577.11	22807.79
Net income + interest on owned fixed capital + interest on working capital	766.92	420.83	1426.69	2968.83	1114.81	1350.58
Percentage return to capital	14.74	3.82	7.99	11.61	1.60	5.92

SOURCE : SEFM Coimbatore (1970-71 to 1972-73), p.87

the larger ones. But if the main concern is not with efficiency, static or dynamic, but with the implications of the relative performance of the farms on their accumulation and long-term prospects the relevant figure is return per family member. The return per family member in the smallest group is Rs 364.73 per annum or Rs 1.00 per day which is just slightly above the "poverty line".<sup>8</sup> On the other hand, the returns per family member in the two top groups are Rs 1384.56 and Rs 1536.16. Even granting that members of larger farms have a higher consumption level than those of smaller farms it is clear that their earnings leave a fairly large surplus.

Thus surplus per family will be even larger as the larger farms have more members. Hence the annual returns from farm operations enable the members of the small farms at best to survive whereas they help the large farms to continue their process of accumulation so that in subsequent periods the gap between the small and the large will increase. If we relate this process to operational efficiency also what happens is that the more efficient will just survive or even disappear over time, while the less efficient ones will continue to grow and prosper.

Is this only a conjectural possibility, or has it been actually happening in Tamil Nadu? The evidence that we have on this question is not adequate to arrive at a conclusive answer, and yet the bits and pieces, when put together, seem to indicate that the pattern of change in rural Tamil Nadu of the sixties was of the kind noted above.

There is, first of all, the finding coming from the Census reports of 1961 and 1971 that the share of cultivators in the work-force in the state declined from 42.07 percent in 1961 to 31.26 percent in 1971 and that of agricultural labourers increased from 18.42 percent in 1961 to 30.46 percent in 1971. There has been considerable discussion about the interpretation of these figures, especially whether they reflect only changes in the census definition of "workers" and "cultivators" or whether they, in fact, refer to what has been happening.<sup>9</sup> The Census authorities themselves made an attempt, through a re-survey, "to find an adjustment factor employing which the 1961 and 1971 Census and participation rates can be made comparable over time and independent of any effect of the difference in the concepts used at the two Censuses."<sup>10</sup> On the basis of the re-survey it can now be stated that the Census figures can be taken as a true indication of the changes that took place in the state in the sixties.<sup>11</sup>

It is not clear whether the cultivators who ceased to be cultivators also gave up their land. But a comparison of the National Sample Survey 17th Round relating to 1961-62 and the 26th Round relating to 1971-72 shows that in rural Tamil Nadu the category of households owning but not operating land increased from 18.10 percent of the total in the former period to 27.86 percent in the latter. In 1971-72, households owning less than five acres also constituted close to 75 percent of those leasing out land.<sup>18</sup>

From the Reserve Bank of India's *All India Rural Debt and Investment Survey 1961-62* and *All India Debt and Investment Survey 1971-72* it is possible to make a comparison of the asset distribution of cultivator households at the beginning of the sixties and the seventies. The comparative figures are given in Table X. Assets in the table include all items owned by the households which have money value, such as land, building, livestock, agricultural implements and machinery, non-farm and transport equipment, durable household assets, dues receivable on loans advanced in cash and kind, and all forms of financial assets. The table shows that households with asset value of less than Rs 500 accounted

TABLE X

PERCENTAGE DISTRIBUTION OF CULTIVATOR HOUSEHOLDS ACCORDING TO VALUE OF ASSETS AND SHARE OF ASSETS

Asset groups (Rs)	Percentage share in			
	Households		Total	Assets
	1961-62	1971-72	1961-62	1971-72
Less than 500	11.4	4.25	0.4	0.12
500 to 1000	10.6	6.06	1.01	0.41
1000 to 2500	21.0	16.59	4.8	2.63
2500 to 5000	19.7	19.34	9.8	6.47
5000 to 10000	18.4	22.15	17.8	14.60
10000 to 20000	11.1	17.83	21.4	22.93
20000 and above	7.8	13.78	44.8	52.85
All asset groups	100.0	100.00	100.00	100.00

SOURCE: Reserve Bank of India, *All India Rural Debt and Investment Survey 1961-62* and *All India Debt and Investment Survey 1971-72*.

for 11.4 per cent of the households and 0.4 percent of total assets in 1961-62. The same category accounted for 4.25 percent of households and 0.12 percent of assets in 1971-72. At the top, 7.8 percent of the cultivator households with an asset of over Rs 20,000 had 44.8 percent of the assets in 1961-62. After a decade, 13.78 percent of cultivators were in the top group claiming 52.85 percent of assets. The Gini Concentration Ratio for the two periods were 0.6249 and 0.5636 respectively, which indicates a reduction in inequalities of asset distribution. But in view

of the finding that during the decade many cultivators had left cultivation, it is perhaps more realistic to look at the asset distribution of all rural households. This is shown in Table XI. It is seen that households with asset value of less than Rs 500 accounted for 29.5 percent of the households and 1.2 percent of the total assets in 1961-62 and 25.54 percent of households and 0.86 percent

TABLE XI

PERCENTAGE DISTRIBUTION OF ALL RURAL HOUSEHOLDS ACCORDING TO VALUE OF ASSETS AND SHARE OF ASSETS

<i>Asset groups (Rs)</i>	<i>Percentage share in</i>			
	<i>Households</i>		<i>Total assets</i>	
	<i>1961-62</i>	<i>1971-72</i>	<i>1961-62</i>	<i>1971-72</i>
Less than 500	29.5	25.54	1.2	0.86
500 to 1000	11.8	12.59	1.6	1.30
1000 to 2500	17.8	16.01	5.6	3.89
2500 to 5000	15.0	13.59	10.4	7.22
5000 to 10000	13.1	13.72	17.7	14.40
10000 to 20000	7.5	10.40	20.2	11.86
20000 and above	5.3	8.15	43.3	60.47
All asset groups	100.00	100.00	100.00	100.00

of assets in 1971-72. At the top, 5.3 percent of the households claimed 43.3 percent of the assets in 1961-62 which changed to 8.15 percent of the households claiming 60.47 percent of assets in 1971-72. The Concentration Ratio went up from 0.7090 in 1961-62 to 0.7148 in 1971-72.

It has been suggested also that a better appreciation of changes in asset distribution is possible if the inter-class distribution on the basis of the value of assets, as given in the RBI studies, is changed into a distribution based on decile groups. The results of fitting a distribution of that kind to the actual data are shown in Table XII.<sup>13</sup> According to the table, in 1961-62 the lowest 10 percent of households in rural Tamil Nadu had average assets worth Rs 42 and their share accounted for 0.08 percent of total assets. Over the decade these figures came down to Rs 27 and 0.04 percent. On the other hand, the top 10 percent of households had average assets worth Rs 37,006 and their share in assets was 72.57 percent in 1961-62. These figures moved up to Rs 59,301 and 77.64 percent in 1971-72.

The table shows further that the changes observed in the average value of assets over the decade have the following pattern: the decennial growth rate is negative for the first six decile groups with the rate itself coming down. From then on the growth rate is positive and is also increasing over the top four groups. The changes in the share in the total assets also follow a consistent

pattern. The share of assets accounted for by each of the first nine decile groups has declined and the rate of decline itself is declining over the decile groups. Thus, starting with a 50 percent decrease in the percentage share accounted for by the lowest 10 percent it

TABLE XII

AVERAGE VALUE OF ASSETS AND PERCENTAGE SHARE IN THE  
AGGREGATE VALUE OF EACH DECILE GROUP OF RURAL HOUSEHOLDS

Decile group	Average value of assets (Rupees)			Percentage share in the aggregate amount		
	1961-62	1971-72	Growth rate	1961-62	1971-72	Growth rate
0-10	41.79	27.31	-34.65	0.08	0.04	-50.00
10-20	130.59	102.40	-21.59	0.25	0.15	-40.00
20-30	255.95	218.45	-14.65	0.49	0.32	-34.69
30-40	438.77	395.94	- 9.76	0.84	0.58	-30.93
40-50	705.16	662.18	- 6.10	1.35	0.97	-28.15
50-60	1123.03	1099.08	- 2.13	2.15	1.61	-25.10
60-70	1849.08	1877.30	1.53	3.54	2.75	-22.32
70-80	3254.18	3467.89	6.57	6.23	5.08	-18.46
80-90	6534.47	7413.64	13.45	12.51	10.86	-13.19
90-100	37906.21	53001.41	39.82	72.57	77.64	6.99
All rural households	5223.40	6826.56	30.69	100.00	100.00	—

SOURCE: R P Pathak, K R Ganapathy and Y U K Sarma: "Shifts in Pattern of Asset Holdings of Rural Household, 1961-62 to 1971-72", *Economic and Political Weekly*, 19 March 1977.

registered a decline of 13.19 percent for the ninth group. The highest decile group alone registered an increase in the share of assets from 72.57 percent to 77.64 percent.

A further breakdown of the top decile group shows that the top 1 percent of the households accounted for 33.0 percent of the total assets in 1961-62 as against 27.43 percent of the first nine groups put together. Over the decade the share of the top 1 percent increased to 38.97 percent while that of the first nine decile groups declined to 22.36 percent.

These findings necessitate and make it possible to have a different perspective on the "scale factor". In the first place the data reveal that the differences noticed do not arise from the technical aspect of the size of the production unit in agriculture, but are related to the different ownership patterns of the small and large farms. What emerges is that production units differ in the manner in which they combine owned and hired resources in the process of production. Because of the manner in which the data have been compiled it is not possible to distinguish clearly between the "pure scale factor" and the ownership factor associated with it. May be such a distinction, which is conceptually

very valid and significant, cannot easily be established through empirical enquiries if it is true that the ownership issue is intimately associated with the "pure scale factor" as is usually the case. But empirical studies specifically designed to sort out these two aspects are necessary.

In the meanwhile, it is not particularly helpful to slur over the distinction between the use of owned factors and hired factors in production by treating owned factors as if they are hired factors, and that both should be or could be subjected to the common valuation process of the market to make comparisons and calculations. This is an inaccurate procedure as well as a misleading procedure. It is inaccurate because according to the theory of market prices,<sup>14</sup> individual commodities or factors of production do not get priced separately. The market price of a commodity or factor is a *relative* valuation; what the market determines is not a price but a *set of prices*, and the set of prices is derived from *specified quantities* of resources and the *specific manner* in which these quantities are allocated. To pull out a relative price from such a *set of prices* and to use it indiscriminately is a fallacious procedure, although economists in their eagerness to submit everything to market valuation do so with considerable sophistication. The procedure is also misleading because it will lead to conclusions such as that (small) farms which have a higher productivity per unit of input are "uneconomical" in terms of imputed factor prices.

Secondly, if the observed differences between farms of different sizes are related more to their organizational or institutional characteristics than to scale of operation per se, comparisons of their relative "efficiencies" must also be done with great caution. Two kinds of fallacies are common here. The first is to abstract completely from the organizational and institutional factors and to attribute to the scale factor what are indeed properties of different organizational structures. Thus, to a large number of people all over the world "small" has suddenly become efficient and beautiful.<sup>15</sup> The second fallacy is of the opposite kind, where particular organizational forms such as peasant farming come to be glorified because of their alleged "efficiency" or productivity or pattern of factor utilization. Here, as Sen and Rudra point out,<sup>16</sup> it is necessary to compare different sizes of farms within the same organizational forms as well as different organizational forms of the same size (for instance, a large capitalist farm versus a co-operative farm of the same size) before one can arrive at any definitive conclusions in this regard.



All this would indicate that the usual kind of comparisons of farms of different sizes cannot be the sole basis for formulating policies regarding the organization of production in agriculture. In particular, those who are convinced that small is beautiful must not forget that big is powerful and that therefore a peaceful coexistence of the two within the existing organizational forms may not be feasible in the long run. Hence those who are concerned with policy questions now must also know what the long-term objectives of policy should be.

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- <sup>1</sup> The literature on this subject is now familiar. For a critical summary and bibliography see Jagdish N Bhagwati and Sukhamoy Chakravarty, "Contributions to Indian Economic Analysis: A Survey", *The American Economic Review*, Vol LIX, No 4, Part 2, Sept 1969, and the extensive bibliography in G R Saini, *Farm Size, Resource- Use Efficiency and Income Distribution*, New Delhi, Allied Publishers, 1979.
- <sup>2</sup> Ashok Rudra, "Farm Size and Yield per Acre", *Economic and Political Weekly*, Special Number, July 1968.
- <sup>3</sup> See G R Saini, *op cit*.
- <sup>4</sup> Ashok Rudra and Amartya Sen, "Farm Size and Labour Use: Analysis and Policy", *Economic and Political Weekly*, Annual Number, February 1980.
- <sup>5</sup> This is a point which Rudra and Sen draw attention to in their joint paper.
- <sup>6</sup> See K Bharadwaj, *Production Conditions in Indian Agriculture*, London, Cambridge University Press, 1974.
- <sup>7</sup> Conducted by the Directorate of Economics, Ministry of Agriculture and Irrigation.
- <sup>8</sup> Details of the "poverty line" calculations for Tamil Nadu are given in *Dynamics of Rural Transformation* (as cited in the acknowledgement).
- <sup>9</sup> See C T Kurien and Josef James, *Economic Change in Tamil Nadu-A Regionally and Functionally Disaggregated Study*, New Delhi, Allied Publishers, 1979.
- <sup>10</sup> Census of India 1971, Series I: India, Miscellaneous Studies, paper 1 of 1974, *Report on Resurvey of Economic Questions-Some Results*.
- <sup>11</sup> For details see V K Ramachandran, "Agricultural Labourers in the Working Population of Tamil Nadu" *Bulletin, Madras Development Series*, Vol X, No. 3, March 1980.
- <sup>12</sup> For fuller documentation see *Dynamics of Rural Transformation*, Ch.2.
- <sup>13</sup> R P Pathak, K R Ganapathy and Y U K Sarma : "Shift in Pattern of Asset Holdings of Rural Households, 1961-62 to 1971-72", *Economic and Political Weekly*, 19 March 1977.
- <sup>14</sup> See Robert Dorfman, Paul A Samuelson and Robert M Solow, *Linear Programming and Economic Analysis*, New York, McGraw-Hill, 1958, ch 13.
- <sup>15</sup> "Small farmers . . . were found to be using less capital and fewer purchased non-labour inputs per hectare, but more man-days per hectare than were the larger farm units . . . . If one has, as a shorter-run objective, research for the productive use of excess rural man- power which cannot be employed in towns and cities, then labour intensity takes on the virtue of employment generation. Another virtue of labour intensity in farming is that it can provide an economy with agricultural

products in ways that use up fewer of those sources which, in developing countries, are generally more scarce than farm labour: financial capital, capital goods (often imported) and other manufactured inputs. In this sense labour intensive methods may be more efficient overall as a use of society's resources, even though 'efficient' farming is normally thought to result from the use of non-labour inputs to enhance the productive efforts of the farmer", Shlomo Eckstein, Gordon Donald, Douglas Horton and Thomas Carroll, 'Land Reform in Latin America, Bolivien, Chile, Mexico, Peru, Venezuela', World Bank Staff Working Paper No 275, April 1978, pp 116-117, Quoted by Veronika Bennholdt-Thomsen, "Investment on the Poor: Analysis of World Bank Policy", Part Two, *Social Scientist*, March 1980.

<sup>10</sup> Ashok Rudra and Amartya Sen, *op cit*.

K BALAN PILLAI

K RAMACHANDRAN NAIR

### *The Structure of Costs and Returns in the Cashew Industry in Kerala*

THE cashew industry, which once flourished in Kerala, is today described by one and all as a languishing industry. The decline of the cashew industry is attributed to several factors which include the high cost structure, uncertain supply of raw nuts, fluctuating foreign quotations for kernel and constant industrial strife. In other words, market forces and industrial relations have accounted for the decline of the industry. The validity of these arguments needs a scientific examination. As a step in this direction, an attempt is made in this paper to study the structure of costs and returns in the cashew industry located mainly in Quilon. The study is divided into three parts.

The cashew industry in Kerala is said to be "manned" by women as they constitute the bulk of the working force in it. In 1975, there were 267 registered cashew factories in the state, of which 228 were concentrated in Quilon district. The industry employs 0.15 million workers and because of frequent lay-offs in the industry, they are given employment, on an average, for four months in a year. During seasons when the raw nut supply position is satisfactory, the workers are given continuous employment. But during off-seasons, when the raw nut supply is inadequate and uncertain, whatever employment is available is thinly spread.

In other words, no worker gets either full employment continuously for four months or remains continuously unemployed for the rest of the year. However, there is no regular pattern in the spread and distribution of employment over the calendar year. As a result, when some factories provide employment to their workers, others are shut down completely. This is a significant feature of employment in the cashew industry.

The Annual Survey of Industries (ASI) provides some insight into the structure of the cashew industry. We have taken 1963 and 1974-75 as two time points for comparing the ASI data on the structure of the industry. From the data available the following measures are estimated: fixed capital per factory, working capital per factory, workers per factory, employees per factory, average wage per worker, average emolument per employee, value of material input required to produce Rs 1000 worth of output, output per employee, value added per employee, capital-output ratio, fixed capital per employee, working capital per employee and wage as percentage of value of output. (Table I).

TABLE I  
STRUCTURE OF CASHEW INDUSTRY

<i>Item</i>	<i>1963</i>	<i>1974-75</i>
Fixed capital per factory (Rs thousands)	34	55
Working capital per factory (Rs thousands)	90	434
Workers per factory (number)	469	369
Employees per factory	488	386
Average wage per worker (Rs)	407.18	735.44
Average emolument per employee (Rs)	456.01	969.10
Value of material input required to produce Rs 1000 worth of output (Rs)	675.40	783.00
Output per employee (Rs)	2314	7510
Value added per employee (Rs)	697	1613
Capital-output ratio	0.030	0.019
Fixed capital per employee (Rs)	70.04	143.32
Working capital per employee (Rs)	185.36	1124.72
Wage as percentage of output	65.41	43.55

SOURCE: Annual Survey of Industries

The table shows some interesting points. They are: 1) the increase in working capital per factory and working capital per employee in the cashew industry has been very substantial; 2) workers per factory and employees per factory have declined; 3) while output per employed increased a little over three times, the average emoluments per employee increased only two times; 4) the value of material input required to produce Rs 1000 worth of output showed only a small increase; 5) wage as a percentage of output actually decreased.

From these findings one can conclude that the cashew industry has witnessed an increasing degree of exploitation of workers. But a detailed study of the structure of costs at the micro level is needed to get a better insight into the structure of the industry and the relation between labour and capital in it. For this, primary data was collected for analysing the structure of costs in a typical and average sized cashew factory in Quilon.

A typical cashew factory with the capacity to process 100 bags of raw nuts (eight tons) per day has the following employment/occupation pattern: Roasting 10, bormamen 10, scrubbing 6, shelling 300, peeling 400, peeling pieces 10, grading/filling 100, kernel checker 4, bag carrier 4, mycauds (general purpose cooly) 4, tinker, packer and stenciller 2. Thus a typical factory with a capacity of processing 100 bags of raw nuts a day employs a total of 850 workers. The distribution of work force is based on the norms laid down by the Kerala High Court<sup>1</sup>. It may be seen from the pattern of work distribution that peeling and shelling work constitutes the main component of processing work load. There are variations in the exact strength of workers in a factory depending on the size and quality of raw nuts processed. Most factories process both indigenous and imported nuts. Obviously, the size and quality of nuts differ. To illustrate, the imported nuts are smaller in size than indigenous nuts. So it is argued that to process imported nuts, more workers are needed than that for indigenous nuts. The difference in the number of workers needed to process the nuts has thus always been a matter of dispute.

The shellers and peelers are mostly women and the nature of their work makes piece rates the most appropriate for fixing wages. Roasters, bormamen, scrubbers, kernel checkers, tinker, packers and stencillers are paid monthly wages. The rest are paid daily time rate. In 1953 minimum wages were fixed in the cashew industry. The piece rate workers were also given a "guaranteed minimum" time rate. The minimum wages were revised subsequently in 1960, 1965, 1967 and 1976. Following the revision in 1960, the workers were paid a dearness allowance (DA) in addition to basic wages. The DA was linked to the cost of living index. In addition to wages, the workers also enjoy fringe benefits like Employees State Insurance (ESI), leave with wages, bonus and so on. On strong trade union demands, the employers agreed to introduce the Employees Provident Fund scheme (EPF) from 1963. Over the years, the rates of wages, DA and other fringe benefits have increased adding to the wage cost of processing raw nuts in the industry.

But it is admitted that very few factories pay the minimum wages to its workers and there are frequent agitations by trade unions against the failure to implement the minimum wages. The employers take the stand that they do not have the capacity to pay the minimum wages because of the bad economic condition of the industry. An empirical study of the structure of costs and returns is necessary to understand how far the economics of the industry has fallen into bad shape and whether the alleged "high wage structure" and constant industrial strife are really responsible for this state of affairs. The methodology used for this study is as follows:

The rates of minimum wages are used to estimate the total direct wage cost for processing 100 bags of 80 kg each of raw nuts per day in a typical factory (it is admitted that all factories may not be of this size). To this estimated direct wage cost, the money cost of fringe benefits is added. For this, following assumptions are made: 1) E S I accounts for 1.25 percent of total money wages. In 1965, this proportion was estimated to have increased to 2.5 percent, taking into account the revisions in the rates of E S I contribution by the employer. In 1975, due to a further upward revision of ESI rates, the ESI cost was estimated at 6 percent of the total money wage. 2) The workers in the industry enjoy leave with wages and this is estimated at 5 percent of the total money wage. 3) In 1953, the bonus to workers accounted for 4 percent of total earnings. In 1975, 15 percent bonus was paid and in 1978 the workers got 20 percent bonus. However, in 1965, the workers were paid only the minimum bonus of Rs 40. Therefore, with the exception of 1965, the actual bonus rate is used to estimate the bonus component of wages. For 1965, the bonus cost is estimated by multiplying the minimum bonus of Rs 40 by 850 workers and that figure is divided by 250 days to arrive at the per day bonus cost for processing 100 bags of nuts. 4) The benefits of E P F were given to workers in 1965 and the rate of employers' contributions and related office expenses came to 7 percent of the total money wage. 5) In 1967, workers were paid festival holiday wages which worked out to 7 percent of total money wage. In 1975, this declined to 5 percent. However, in 1978, the holiday wages and irrecoverable lay-off wages accounted for 27 percent of total money wages. On the basis of the above, total cost on account of labour for processing 100 bags of raw nuts per day is estimated for the years 1953, 1960, 1965, 1967, 1975 and 1978.

Besides the cost of labour, the factories incur establishment expenses and other miscellaneous costs. A closer examination of

the actual cost accounts in a few factories leads to the following generalizations:

i) In estimating total cost of processing, the cost of packing cases for kernels, and cost of tins to pack cashew nut shell liquid (CNSL) should be accounted for. The cost of packing cases was rupee one per unit in 1953, while the packing tin cost Rs 3.10. The increases in the prices of these cases and tins over the years are taken into account in estimating the cost of packing cases and tins. The price of drums used for packing CNSL was not readily available. On enquiry, it was found that the shells of raw nuts and testa (brown skin) are also sold and that the revenue from this is approximately equal to the cost of the drums used for packing CNSL and its transportation. It was felt that since these values are almost equal, in the estimation of costs and returns, the cost of drums and the sale proceeds of cashew shell and testa need not be explicitly included. So they are left out from the present estimation.

ii) A cashew factory has some staff working in the managerial and supervisory cadres. Some among the staff come under the Minimum Wages Act. Irrespective of this, the entire staff is found to be monthly rated employees. A closer examination of accounts suggests that staff expenses have increased steadily over the years. For each year under study separate estimates of staff expenses incurred for processing 100 bags of nuts per day had to be made and some arbitrariness became inevitable. For 1953, the staff expenses per day for processing 100 bags of nuts was estimated at Rs 150. In 1960, it increased to Rs 200, to Rs 225 in 1963, Rs 250 in 1967, Rs 300 in 1975 and Rs 400 in 1978.

iii) Similar problems of estimation arose in the case of cost items like a) rent and interest, b) loading, unloading and transportation charges and c) packing charges.

In the case of rent and interest, it is assumed that it was Rs 100 per unit of 100 bags of raw nut per day in 1953. Subsequently this was raised to Rs 150 in 1965, to Rs 300 in 1975 and Rs 350 in 1978. Similarly, the costs of loading, unloading and transportation of kernels are assumed to have increased from Rs 112.50 in 1953 to Rs 115 in 1960, to Rs 175 in 1965, and Rs 250 in 1975. In 1978 these charges shot up to Rs 420 per unit of 100 bags of raw nuts per day. This steep increase in transportation charges is due to the hike in petrol and diesel prices. The packing charges have also gone up, from Rs 26 in 1960 to Rs 40 in 1965, to Rs 75 in 1975 and Rs 100 in 1978. The rates mentioned above

are based on the accounts of the cashew factories studied. For estimation purpose, these rates have been used without any change. As all exports are valued f o b, the manufacturers of cashew kernels bear only the expenses of processing, packing and transportation to the port.

iv) Another major component of cost is the cost of the raw nuts. In the early years, the industry depended mostly on indigenous raw nuts. Once the industry established a regular export market for kernels, the possibility of expanding the processing of kernels became clear. The supply of indigenous nuts was not adequate and naturally the manufacturers turned to foreign sources for the supply of nuts. East African countries were producing raw cashew nuts but they did not know how to process them. They were thus interested in selling the nuts to Indian manufacturers. During cashew seasons the Indian manufacturers, mostly belonging to Quilon, made regular expeditions to the African countries to negotiate for the purchase of raw nut. The manufacturers were mostly guided by the ruling prices of kernels, particularly in America, in their deals with the East African suppliers of nuts. The benefit of a buoyant market for kernels was thus enjoyed by the African suppliers of nuts as well as by the Indian manufacturers of kernels. Unfortunately, no systematic effort was made in Kerala, or in any other part of India, to develop cashew cultivation and production. Neither the processors nor the government took the initiative for making India self-reliant in indigenous nuts. The cashew, being a perennial crop, was subjected to a variety of constraints and farmers' decisions were not market-oriented. The limited land in Kerala was being allocated more for other perennial crops like coconuts. There is strong evidence of great expansion of area under the cultivation of coconut. In 1975-76, the area under cashew nuts (109057 hectares) was only one-sixth of the area under coconut (692945 hectares). Since adequate supplies of nuts were available from foreign sources at prices which were lower than those prevailing in India, the cashew growers in India had no incentive to expand the acreage under cashew.

But very soon the Africans realized the potentialities of processing kernels in their own countries and also the heavy dependence of Indian manufacturers on them for nuts. Since the skills needed for hand processing of kernels and the technique of roasting were not available with them, African countries turned to machine processing. But the consumer preference in the world market is still in favour of the Indian hand processed kernels. The



bargaining position of the Indian manufacturers was also weak because, in the absence of imported nuts, they would be forced to close down some of their factories. Eventually, higher prices had to be offered for the imported nuts. In 1953, the average cost of raw nuts worked out to Rs 250 per ton. This increased to Rs 875 in 1960, to Rs 956 in 1965, Rs 1,532 in 1967, Rs 2,454 in 1975 and finally reached Rs 4,067 in 1978.

In estimating the total cost on account of raw nut, one should also take into account the cost of transportation of raw nuts to the factory site. We have already taken note of the cost of transportation of kernels from factory to the port. On enquiry it was found that the cost of transportation of eight tons of raw nuts was about Rs 50 in 1953. It increased to Rs 120 in 1960, to Rs 160 in 1965, Rs 200 in 1967, Rs 560 in 1975 and Rs 600 in 1978. Fuel cost over the years under review has also been examined closely. Since low fuel technology is used in the cashew factory, fuel cost per day is found to be quite small. It was Rs 9 in 1953 which increased to Rs 11 in 1960, Rs 15 in 1965, to Rs 18 in 1975 and to Rs 26 in 1978.

In short, in estimating the total cost of processing 100 bags of raw nuts in a typical cashew factory in Kerala, we have to take account of, broadly speaking, wage cost, establishment cost and raw nut or material cost. Wage cost includes cost on account of wages and other fringe benefits given to workmen. The establishment cost consists of rent, interest, staff expenses, cost of tins and packing cases, loading, unloading and transportation charges of kernels and so on. The material cost consists of the price of raw nuts, fuel cost and cost of transportation of raw nuts to the factory.

After estimating the total cost of processing 100 bags of raw nuts each weighing 80 kg, we proceeded to estimate the total sale proceeds from processed kernels and by-products to arrive at the profit margin. On enquiry it is found that on an average the processing of 100 bags of raw nuts will yield 75 cases of kernels consisting of 3400 lb of wholes and 400 lb of broken and roughly 800 kg of cashew nut shell liquid (CNSL). Besides, some quantity of inferior kernels, *testa* and outer shell of cashew nut are also got on processing. The wholes and broken which satisfy the given market norms regarding quality are exported. Their value is estimated by using the average market quotations of kernel prices in New York which vary from day to day depending on various factors peculiar to the system of forward marketing. For the

purpose of estimation the average of spot prices during a year is calculated. Prices are always expressed in the United States currency per pound weight. This price has to be converted into rupees by using the prevailing exchange rates. In 1953, the price of one pound of wholes was 50 US cents and that of broken 35 cents. The exchange rate then was Rs 4.76 a dollar. The price of kernels steadily increased as follows:

<i>Year</i>	<i>Wholes</i>	<i>Broken</i>
1960	55 cents	38 cents
1965	61 cents	40 cents
1967	60.5 cents	40 cents
1975	110 cents	85 cents
1978	186 cents	123 cents

In June, 1966 the rupee was devalued and the exchange rate became Rs 7.50 a dollar. However, due to fluctuation in the foreign exchange markets, the actual rate of exchange was different from the official rate for the purposes of deals in kernel trade. For example, in 1967 the exchange rate was Rs 7.56 per dollar, in 1975 Rs 8.50 and in 1978 Rs 8.55. These variations are taken into account in estimating the sale proceeds of kernels got from processing 100 bags of raw nuts per day.

The price of cashew nut shell liquid (CNSL) in the fifties was insignificant because there was no ready market for the product. But in later years, the cashew shell liquid became a valuable by-product. This is evident from the increase in its price. In 1960, a kg of CNSL fetched one rupee, and in 1978 it increased to Rs 8.27. Processing of 100 bags of raw nuts generally yields 800 kg of CNSL.

The value of inferior quality kernel wholes and pieces, which are mostly sold in the domestic market, could not be included in the estimation of total sale proceeds because of want of reliable price quotations for them. The manufacturers also sell the used jute bags and *testa* and also the outer shells of nuts. The proceeds under this head is not much. These sale proceeds, as already mentioned, may be just adequate to meet the cost of drums for packing CNSL and also to cover miscellaneous expenses in the factory.

Using the methodology discussed above the structure of cost, returns and profits in the cashew industry have been estimated for the years 1953, 1960, 1965, 1967, 1975 and 1978 (Table II). For convenience the total cost of processing cashew kernels is split into three major components: i) wage cost, ii) rawnut cost or material cost, and iii) establishment cost.

TABLE II

COST AND PROFIT STRUCTURE OF CASHEW INDUSTRY IN KERALA FOR  
PROCESSING EIGHT TONS OF RAW NUTS PER DAY (100 BAGS)

(In Rupees)							
<i>Year</i>	<i>Total wage cost</i>	<i>Raw nut cost, including transport cost</i>	<i>Other establishment cost</i>	<i>Total cost</i>	<i>Total sale proceeds</i>	<i>Profit</i>	<i>Profit per bag per day</i>
1953	975	2050	923	3948	8759	4811	48.11
1960	1335	7120	1075	9530	10425	895	8.96
1965	1838	7808	1275	10918	11887	969	9.69
1967	3011	12456	1309	16776	18033	1258	12.58
1975	9503	20192	1835	31530	36376	4846	48.46
1978	10183	33136	2545	45864	64920	19056	190.56
Percentage increase over							
1953	944	1516.39	175.75	1061.70	641.18	296	296
Average percentage increase per year	37.76	60.64	7.04	42.48	25.64	11.84	11.84

The total cost of processing eight tons of raw nuts per day (100 bags) was Rs 3,948 in 1953. The total cost increased to Rs 45,864 in 1978. The percentage of increase in cost over 1953 works out to 1061.70 giving an average increase of 42.58 percent per year. The rates of increase in the three cost components are however, different. For instance, the total wage cost, which was Rs 975 in 1953 increased to Rs 10,183 in 1978. It shows an increase of 944 percent over the same period giving an average of 37.76 percent. The raw nut cost or material cost showed the largest increase from Rs 2050 in 1953 to Rs 33136 in 1978. The increase over 1953 works out to 1516.39 percent, giving an average of 60.64 percent per year. The third component of cost, namely, establishment cost, increased from Rs 923 in 1953 to Rs 2545 in 1978. This works out to an increase of 175.73 percent over 1953, giving an average of 7.04 percent per year. This study shows that the increase in raw nut cost mainly accounts for the increase in the total cost. In fact the comparison of yearly rate of increase in cost shows that the increase in wage cost is only a little more than half of the increase in raw nut cost. This shows beyond doubt that the increase in cost of processing kernels is largely determined by the raw nut cost and not by the wage cost. Even if the third component of cost, namely, establishment cost, is added to the wage cost, the above conclusion still stands.

The share of the three components of costs in total cost of processing kernels is estimated separately (Table III). It shows that the share of wages has fallen and the share of raw nut costs has increased.

TABLE III

## SHARE OF WAGES AND MATERIAL COST IN TOTAL COST IN CASHEW INDUSTRY

<i>Year</i>	<i>Wage cost as percentage of total cost</i>	<i>Establishment cost as percentage of total cost</i>	<i>Raw nut cost including transport cost as percentage of total cost</i>	<i>Profit as percentage of total cost</i>	<i>Percentage of profit to total wage cost</i>
1953	24.71	23.37	51.92	121.85	493.0
1960	14.01	11.28	74.71	9.39	67.0
1965	16.83	11.66	71.51	8.87	52.7
1967	17.95	7.80	74.25	7.50	41.8
1975	30.14	5.82	64.04	15.36	51.0
1978	22.20	5.55	72.25	41.55	187.2

From the total cost of processing 100 bags of cashew nuts (eight tons) per day and total sale proceeds which would be accruing from the sale of the output, one can easily estimate the margin of profit enjoyed by the industry. The profit margin in 1953 was Rs 4811. It declined to Rs 895 in 1960. Since then profits have substantially increased, reaching Rs 19056 per 100 bags of cashew nuts. The percentage increase in profit over 1953 works out to 296 giving an annual rate of increase of 11.84 percent.

The fact that the industry could produce substantial profits despite increases in wage cost and material cost of production shows that market prospects for the industry are still bright. The justification for the current trend of shifting the industry from Kerala to neighbouring states of Tamil Nadu and Karnataka is said to be the relatively lower wages prevailing in these states. This means that the margin of profit could be increased still more by keeping wages low which, in other words, means stepping up the rate of exploitation.

In the light of the above analysis the problems of the cashew industry seem to be as follows:

The industry increasingly depends on imported nuts. The cost of nuts has substantially increased. Wage cost has also increased but by less than the raw nut cost. The market prospects have been generally very bright and the profit margin is substantial. The argument that high wage rates in Kerala have killed the prospects of the industry seems to be baseless. In the present study the wage cost was estimated on the basis of minimum wages. Though minimum wages have been introduced, only a small section of the working people in the industry get these rates. This means that all those cashew capitalists who pay less

than the minimum wages enjoy a relatively larger profit margin. Further, the frequent lay-offs caused by the shortage of nuts has reduced the total annual earnings of the workers. There is, therefore, no meaning in the plea that higher wages are responsible for the collapse of the industry in Kerala.

<sup>1</sup> Judgement in Original Petition No 4735 of 1975. The original petition challenged the government notification of 14 July 1975 revising the minimum wage of workers in the industry.

ABANTI KUNDU

*Pattern of Organization of the Handloom  
Industry in West Bengal*

PART TWO

THE basic raw material for handloom fabrics is yarn which is supplied by the spinning mills and the composite textile mills in the form of "free yarn." Handlooms use yarn packed in straight hank form. As regards the availability of free hank yarn, West Bengal faces an acute shortage; the monthly requirement of yarn for handlooms in the state was estimated about 3.9 million kg in 1973 while the supply, both from the spinning and composite mills, amounted to about 1.39 million kg only, leaving a wide gap of 2.5 million kg.<sup>1</sup> This shows that the available yarn could satisfy only 35.4 percent of the total monthly demand of the state. This deficiency is largely an outcome of the paucity of exclusive spinning mills to supply yarn to handlooms in the state (the handloom sector can rely upon the composite textile mills only for yarn which is surplus after meeting their own requirement).

To meet this acute deficit in raw material, one cooperative spinning mill was proposed to be set up at Serampore in 1968 with a production capacity of 250 kg per day in one shift. But its installation was delayed by a lack of capital. Even when the mill was actually put into operation in 1973, only 3,648 spindles could be installed out of 18,000 spindles for which licence was obtained.<sup>2</sup> Under the fifth plan, it was proposed to set up another public

sector spinning mill with 25,000 spindles at Raiganj in West Dinajpur. Apart from the cooperative spinning mills, the two government-controlled spinning mills at Kalyani and Habra also cater for the needs of the handloom industry. Added to these, 12 National Textiles Corporation mills and four mills under the Industrial Reconstruction Corporation supply a part of the yarn produced by them, along with 18 private cotton mills in working condition in the state.<sup>3</sup>

Yarn prices in the open market have been abnormally high from 1971 because of a big shortfall in supply. This forced the central government to put controls on the price and distribution of yarn. In 1971 the government initiated two schemes—the yarn pool scheme and the voluntary scheme—through which 775,000kg of fine and coarse count yarn were distributed in West Bengal.<sup>4</sup> With the shortage becoming more acute in 1973, a complete statutory control over distribution and price of cotton yarn was imposed by the government of India with effect from March 1973. The responsibility of distribution of yarn to both handloom and powerloom weavers was bestowed on the Apex Society. Retail sale of yarn was regularly conducted through retail yarn depots.

### *Failure of Yarn Control*

Apart from the yarn allotted by the government of India, 386,000 kg of stocks declared by yarn dealers were also distributed to the consumers against permits. The distribution of staple yarn under the voluntary scheme was in operation in the same year and the Handloom and Powerloom Development Corporation was appointed as the only state nominee for the lifting and distribution of the yarn against the allotment by the Man-made Fibre Spinners Association, Bombay.

Irrespective of the fact that control over yarn price and distribution can be effective in eliminating the dominance of private yarn traders on local and regional yarn markets, there are certain basic difficulties in implementing yarn price control. They are:

- a) A uniform price formula for a count of yarn cannot be a solution even for a monthly period since the price of yarn of different mills is not the same during any monthly period for even comparable yarn counts due to different cost of raw material and quality of finished products.
- b) Controls may lead to the deterioration in quality of products.
- c) Under the control system mills are reluctant to supply

fixed amount to the government. For example, in 1973 the government received only about 45 percent (3,728,000 kg) of yarn from the mills against the allotted amount of 8,347,000 kg.

d) Mills have a tendency for showing a certain price of issue for their yarn which, by the time it reaches the weaver, is actually sold in the black market at a price higher than the price shown in the books of the mills.

Apart from yarn, the other inputs include dyes and chemicals, the bulk of which is available from indigenous production by the country dyers. As such, it has not been possible for Bengal weavers to get standardized dyed yarn. The unreliable indigenous colouring has stood in the way of West Bengal entering the market in competition with leading states in handloom weaving like Tamil Nadu, Haryana, Maharashtra and Manipur, where the variety, fastness and brightness of colours of handloom fabrics are assured.

### *Provision of Finance*

The availability of institutional finance is a prime factor for the development of the handloom industry where the majority of weavers is still in the grip of local *mahajans*. A system of private money-lending in the form of supply of raw material and inputs operates in every weaving cluster in Bengal even today. Funds are available in the form of loan and grant from the state and central budgets to be channelized to various developmental heads for the promotion of the industry. There has been a provision for working capital loan from the Apex and primary weavers' societies. It was with an eye to increase the membership of primary weavers' societies that 75 percent of the total share of a weaver was contributed as share capital loan. But from 1976 the government substituted the share capital loan by itself purchasing shares in primary weavers' societies,<sup>6</sup> and weavers' share of both working and share capital loans has steadily decreased, with a simultaneous and significant expansion of government investment in the capital of the Apex and primary societies, the Handloom and Powerloom Development Corporation and the cooperative spinning mill (see Table I).

This is a restrictive practice on the part of the government because the return on working capital and share capital loans from the cooperative sector is not usually satisfactory. The failure of cooperative societies to pay back interest or loan instalments and the closure of a number of societies every year were the adverse factors. A continuous and ever expanding need for product diversification,



TABLE I  
DISTRIBUTION (IN PERCENTAGE) OF PLAN OUTLAYS FOR HANDLOOM INDUSTRY  
IN WEST BENGAL

<i>Grant</i>	<i>1st Plan</i>	<i>2nd Plan</i>	<i>3rd Plan</i>	<i>4th Plan</i>	<i>5th Plan</i>
1 Rebates/Subsidies	32.89	80.43	59.78	50.00	45.05
2 Selling, storage and distribution	—	—	3.64	0.21	0.02
3 Ancilliary activities	—	—	8.04	—	—
4 Improved appliances	55.63	15.57	7.62	1.35	3.40
5 Research, training and development schemes	1.97	0.57	1.34	0.25	33.56
6 Organization and supervision and establishment charges	9.51	3.43	19.58	48.19	17.97
Total	100.00	100.00	100.00	100.00	100.00
<i>Loan</i>	<i>1st Plan</i>	<i>2nd Plan</i>	<i>3rd Plan</i>	<i>4th Plan</i>	<i>5th Plan</i>
1 Working capital	91.74	88.03	34.11	24.14	17.76
2 Share capital	2.44	5.21	5.92	0.72	0.26
3 Improved appliances	5.82	6.76	4.57	0.71	1.62
4 Investment in purchase of shares	—	—	10.02	56.65	66.72
5 Ancilliary activities	—	—	42.77	—	8.42
6 Powerloom	—	—	—	17.78	0.88
7 Storage and distribution	—	—	1.67	—	—
8 Research and development	—	—	—	—	4.34
9 Consumption loan	—	—	0.94	—	—
Total	100.00	100.00	100.00	100.00	100.00

SOURCE: Statistical Section, Directorate of Handloom and Textiles, West Bengal.

quality improvement and adoption of improved technology accounted for the influx of funds to ancilliary activities and storage and distribution, and to the powerloom sector during the fourth plan, while the fifth plan outlays indicate an overwhelming support towards research, training and development schemes.

### *Promotion of Sales*

As a protection from competition from the mechanized mill sector, an incentive is given to purchasers in the form of rebate on the products of handloom cooperative societies at the rate of 5 percent on retail and 3 percent on wholesale sales. Besides, there is a special rebate of 10 percent on retail sale of cooperative handloom products during the *puja* festival. Sometimes, a special 20 percent rebate is given for stock clearance sales of primary weavers' societies at the retail level.<sup>7</sup> Rebate on sales forms the largest individual share of total government grant in all the plan outlays and this indicates the continuing dependence of the handloom sector on this super-imposed protection, whereby the possibility of self-growth of the sector has considerably been reduced.

For the purchase of improved appliances, primary weavers' societies are allocated funds on a 75 percent grant and 25 percent loan basis.<sup>8</sup> But the respective shares of both improved appliances

loan and grant have diminished over the successive plan periods, signifying that the fixed capital base of the sector, which needs a constant expansion or restructuring, has been left neglected with a probably adverse impact on the sector.

As regards institutional finance, the cooperative sector is primarily covered by the Reserve Bank scheme which was drawn up in 1956. Under the scheme the Reserve Bank provides refinance facilities to the state cooperative banks, i) directly for financing the procurement and marketing of cloth by the Apex/regional weavers' societies and ii) on behalf of central/industrial cooperative banks for financing the production and marketing activities of the primary weavers' societies which are working on production-cum-sale pattern.

The Reserve Bank of India scheme for handloom finance could not make much headway in West Bengal since it was started in the state only in 1976-77 when the credit limit sanctioned for West Bengal amounted to an insignificant Rs 2.91 millions, compared with Rs 155.70 millions for Tamil Nadu, Rs 66.62 millions for Andhra Pradesh or Rs 18.57 millions for Kerala in the same year.<sup>9</sup>

Until recently, the commercial banks did not come forward to finance the handloom weavers. It was only after 1975 that the nationalized banks started taking interest in the capital needs of the handloom sector. The loan from commercial banks for West Bengal at differential and normal rates of interest amounted to Rs 6.5 millions in 1975-76 which increased to Rs 12.62 millions in 1976-77. But considering the total turnover of West Bengal handloom products, which was estimated at Rs 422 millions in 1975-76 and Rs 427 millions in 1976-77, the contribution of commercial banks in strengthening the finance base of the handloom industry in West Bengal appears to be insignificant.

What follows from the above discussion is that the government intervention for establishing the organizational infrastructure and towards collectivization of weavers through cooperatives to combat the *mahajani* monopoly has remained far from successful. Irregular supply of raw material from cooperative and state spinning mills is one of the factors. The only cooperative spinning mill, located at Serampore in Hooghly district, is the major source of supply of yarn for the cooperative fold, but it has been in a bad shape, running into heavy losses. Weavers have not derived any benefit from the mill in the last few years in the form of priority in the allotment of yarn or price differential, since the

mill sells yarn to the highest bidders.<sup>10</sup> The mill is also finding it difficult to get the required machinery for expanding its capacity. The Reserve Bank of India study group said in June 1978: "If the performance of this existing cooperative spinning mill is any indication, it is doubtful whether the organization of more spinning mills in the cooperative sector in the state would be a technically feasible and economically viable proposition".<sup>11</sup>

Besides, this mill produces hank yarn of 32 counts and does not meet weavers' requirements of finer counts. The state-controlled Kalyani and Habra spinning mills supply yarn to the government organizations like the Apex Society and Handloom and Powerloom Development Corporation (HPDC), but these mills are beset with frequent labour troubles.

The capital of the cooperative spinning mill comprises 40 percent equity and 60 percent loan and the normal source of loan capital is the Industrial Financing Corporation.<sup>12</sup> In a cooperative spinning mill the members who are either weavers or growers are expected to contribute one third of the equity capital,<sup>13</sup> whereas in West Bengal, in 1974, when the cooperative spinning mill started functioning, out of its total capital of Rs 4.35 millions only 3.41 percent<sup>14</sup> was contributed by the member societies.

According to a study by the Reserve Bank of India on extension of medium-term loans to handloom weavers for purchase of shares in cooperative spinning mills, of the 94 weavers contacted in Nadia and Hooghly districts of West Bengal, "71 weavers had no monthly savings even though many of them had other sources of income. Only 6 weavers were prepared to take shares in West Bengal Co-operative Spinning Mill, provided they could get regular supply of yarn of 60 counts and above required by them at competitive prices. At present yarns of these counts are not produced by the mill. The 6 weavers had the capacity to repay the loans, if granted to them, in a period of 5 years".<sup>15</sup>

### *Supply of Dyes and other Inputs*

Also, there is no provision for the production of dyes and chemicals exclusively for the handloom sector in a government controlled unit. As such black-marketing in these inputs could not be checked. As regards the supply of dyes and chemicals, the state government may at least work out an arrangement under which the manufacturers of dyes and chemicals make available the required quantities of dyes and chemicals to a few specified institutions for final distribution to handloom weavers.

As a corollary to the emphasis on technological improve-

ment in the handloom sector, the state government has introduced a scheme for the promotion of semi-automatic looms since 1976, but the extent of its operation is very limited as evidenced by the fact that during this period the government mobilized only Rs 0.2 million for providing 200 semi-automatic looms and 25 warping drums to 0.49 million weavers in the state. Moreover, a considerable shrinkage in the share of improved appliances loan and grant in the total loan and grant has resulted in an overutilization of existing appliances for expanding the production base and also for product diversification.

The cooperative organization in West Bengal has not been able to extend the pre-weaving and post-weaving facilities, including dyeing, calendering, sizing, bleaching and so on to its members, with the result the present practices throughout the state are rudimentary and as such anything but satisfactory. Throughout the post-independence decades, only one modern dyeing and processing house was proposed to be set up at Sukhchar in 24 Parganas district under the export production project in the fifth plan, reflecting an utter negligence in this respect.

According to the recommendation of the Shivaraman Committee, the Apex Society in each state must take responsibility for the supply of yarn for a reasonable percentage of weavers' requirements and arrange to market at least 50 percent of the production of primary societies.<sup>16</sup> An idea of how far this norm has been followed in West Bengal can be had from the fact that while the monthly sales at "Samavaika" counters is estimated at Rs 12,000 on an average, the purchase of handloom products by this government organization from the Dhaniakhali Co-operative Society amounted to only Rs 9220.46.<sup>17</sup>

The Apex Society is responsible for marketing the products of its member societies only and hence the primary societies which are not members of the Apex body are exposed to inevitable competition from the *mahajans*. Sometimes such non-member societies are forced to sell the bulk of their stock at a reduced rate in the absence of a proper market. The experience of non-member weavers' societies shows that any large scale attempt to give regular work and wages to their members cannot be based on a marketing system run exclusively by a primary cooperative without the support of a well-organized central body.

On many occasions, a sudden reduction in procurement price of finished goods by the Apex Society makes its member societies reluctant to channelize their products through this

central body. The structure of weavers' societies at the primary and the Apex levels is inter-dependent and one cannot function efficiently without the support of the other. The system of procurement of finished products by the Apex Society only at its central receiving centre in Calcutta discourages response from primary member societies which are located far away. Likewise, the location of Apex Society's yarn distribution centre and sale depots only at the district or subdivisional towns delinks the rural weavers from the system. Although the HPDC has a few cloth procurement centres in far-off weaving clusters, this organization has not been able to establish its sale depots for final marketing of its products.

Apart from the Apex Society or "Tantuja", and a few HPDC sale depots and "Samavaika" selling counters, West Bengal has only one handloom house at Calcutta under the All-India Handloom Fabrics Marketing Co-operative Society Ltd, and the state has not set up any state-owned corporation like the Tamil Nadu Finance Trading Corporation to absorb and market a sizable amount of handloom products from outside the cooperative fold. Of late, HPDC has come forward with the management and supervision of Intensive Development Project to bridge this gap to some extent, but the realm of operation of this project is extremely localized in the Shantipur-Fulia belt of Nadia district and in Maldah and West Dinajpur districts where it will cover 10,000 weavers outside the cooperative fold by 1981.<sup>18</sup> Even without questioning the assumed success of the project in the next few years, its scale of operation within the proposed time period does not provide us with any hopeful proposition of its covering at least half of the weavers, at present dependent on 121,911 looms outside the cooperative fold.

### *Delay in Settlement of Claims*

There have been inordinate delays in the settlement of interest subsidy claims of the central cooperative banks and the rebate claims of the Apex and primary weavers' societies by the state government. Non-replenishment of rebate bills of the Apex Society, due with the state government, increases the corresponding figures of bank loans invested in business. It causes a delay in the payment by the Apex Society, to its member societies who ultimately prefer to sell their products in the open market. Production in the cooperative fold is thus hampered. The Apex Society's bills outstanding as on 1 August 1974 were Rs 2,000,000 for gauze and bandage cloth and Rs 800,000 for rebate bill

replenishment.<sup>19</sup> Hence, the society's own capital was blocked to the tune of Rs 2,800,000.

Though the trend of rebate allocation in the plan outlays indicates the government policy to recoup the selling power of the weavers' cooperative societies in a competitive market, this artificial stimulation to the marketing potential renders the handloom sector to be ever dependent on such a boost. To cite an example, the central and state governments together granted a 20 percent special stock clearance rebate on the retail sale of accumulated stock of weavers' societies in January and February 1976 which was fairly effective for the time being but could not provide a long-term solution in the sense that the repetition of the problem called for another special rebate next year.<sup>20</sup> The Reserve Bank of India study group commented adversely on the rebate policy:

Handlooms in the co-operative sector cannot expect to occupy a sheltered position for ever with subsidies, rebates etc. They have to follow an aggressive marketing policy and compete with the organized sector. For this purpose the weavers' co-operatives must adopt new techniques of production so as to ensure that what is being produced is acceptable to the consumers. Coupled with this they should also adopt cost reduction programmes so as to ensure that what is being produced is within the reach of middle and poor class people since they form the bulk of consumers of handloom products.<sup>21</sup>

Although the Reserve Bank of India's refinance scheme has been active in a number of states for providing handloom finance to Apex and primary weavers' cooperative societies for more than the last 20 years, in West Bengal it came into operation as late as 1976. In the first year of its operation in West Bengal, the progress of the scheme was not satisfactory compared with other leading states in handloom industry, like Tamil Nadu, Andhra Pradesh, Maharashtra and Kerala. This is evident from the drawals by the concerned Apex and central cooperative banks and credit limits sanctioned by the Reserve Bank of India for West Bengal in comparison with other states. It was because many of the central cooperative banks in the state were not used to the working of the scheme. The situation, however, improved considerably in the following years.

The reasons for the poor progress of the Reserve Bank of India scheme in West Bengal, along with many other states, are not difficult to trace. They are mainly related to the weak structure of the weavers' cooperatives, arising from factors like the lack

TABLE II

NUMBER OF WEAVERS' COOPERATIVE SOCIETIES AND MEMBERSHIP  
IN DIFFERENT STATES

State	No of societies		Percentage of dormant socie- ties to total number of societies	Membership		Percentage of dormant membership to total membership
	Total	Dormant		Total	Dormant	
Bihar	1288	614 (13.18)	47.67	55532	4948 (2.48)	8.91
Gujarat	163	51 (1.09)	31.29	16206	2437 (1.22)	15.04
Haryana	389	103 (2.21)	36.48	6152	1271 (0.63)	20.66
Himachal Pradesh	61	47 (1.00)	77.05	1064	803 (0.40)	75.47
Jammu and Ka shmir	25	10 (0.21)	40.00	1004	413 (0.20)	41.13
Karnataka	833	377 (0.09)	45.26	120127	49174 (24.66)	40.93
Madhya Pradesh	219	70 (1.50)	31.96	28951	3857 (1.93)	13.32
Maharashtra	1017	205 (4.40)	20.16	89942	16448 (8.24)	18.29
Manipur	271	90 (1.93)	24.26	16264	3214 (1.61)	19.76
Orissa	354	135 (2.89)	38.13	57049	9254 (4.64)	16.22
Punjab	787	376 (8.07)	47.78	13184	4601 (2.30)	34.90
Rajasthan	522	489 (10.49)	93.68	19546	17415 (8.73)	89.10
Tamil Nadu	779	42 (0.90)	5.39	188552	10965 (5.49)	5.81
Tripura	72	43 (0.92)	59.72	3581	2203 (1.10)	61.52
Uttar Pradesh	2291	1548 (33.23)	67.57	115682	52149 (26.15)	45.08
West Bengal	1203	421 (9.04)	34.99	95102	19462 (9.76)	25.91
Chandigarh	3	2 (0.04)	66.66	103	46 (0.02)	44.66
Delhi	115	28 (0.60)	24.35	2719	521 (0.26)	19.16
Goa, Daman, Diu	1	1 (0.02)	100.00	75	75 (0.03)	100.00
Mizoram	9	6 (0.12)	66.66	242	131 (0.06)	54.13
Pondichery	8	—	—	1662	—	—
Total	10510	4658	44.32	812739	199387	24.53

NOTE : Figures in brackets are percentages to the respective totals.

SOURCE : Statistical Statements Relating to Cooperative Movement in India, 1975-76.

of coordination between the industries and cooperation departments, the absence of serious efforts to revive the weak or dormant societies and the lack of sufficient promotional interest taken by the financing banks. In West Bengal, dormant weavers' societies and membership of dormant societies account for a larger coverage of total weavers' societies and total membership than in Tamil Nadu, Manipur, Gujarat, Madhya Pradesh, Maharashtra and Delhi (see Table II). Even many of the active primary societies do not fulfil the norms of viability set by the Reserve Bank of India to obtain its refinance facilities. These two factors probably explain the limited number of societies in West Bengal on whose behalf limits are applied by the district central cooperative banks.<sup>23</sup>

Adequate research on diversification of handloom products to cater for a wider export market as well as home market has hardly been attempted in West Bengal in a macro level framework. Similarly, other aspects of improvement in design, colour and fabrics have remained neglected so that the West Bengal handloom products, apart from a few finest varieties, face strong competition from other states. The majority of weavers is unable to acquaint itself with the innovations and developments in weaving techniques rendered by Weavers' Service Centre or the State Handloom Design Centre at Calcutta because of wide communication and accessibility gap. Although the export production project and intensive development project, initiated during the fifth plan, are designed to take care of production diversification, loom modernization, design innovations and other quality improvements, the area and scale of operation of both the projects are restricted to only a few pockets and to an insignificant number of looms.<sup>23</sup> Skill generation for different handloom weaving techniques in the State is restricted to family heritage which has given rise to a localized pattern of weaving skill and technique and as such to a distinct regional variation in production patterns. In the present organizational framework there has hardly been any systematic approach for skill diffusion and interaction at spatial level to introduce a qualitative improvement and adoption of better skill and technology in areas where the weavers are less skilled than those in other prospective areas.

(Concluded)

<sup>1</sup> *Paschim Banger Tant Shilpa* 1973, pp 7, 11a-12c.

<sup>2</sup> *Paschim Banger Tant Shilpa* 1977. Another 8,852 spindles were to be installed as a first phase of the expansion programme during the fifth plan. The production of this



co-operative spinning mill rose from monthly 7268 kg in 1973-74 to 41886.8 kg in 1974-75, the production being mainly coarser count of yarn.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Paschim Banger Tant Shilpa*, 1973.

<sup>5</sup> Government of India, Ministry of Commerce and Industry, Report of the Second Working Group on Industrial Co-operatives. Also see *Paschim Banger Tant Shilpa* 1977. The report furnishes the rates of working capital loan per loom as follows: cotton handloom product Rs 750; silk handloom product Rs 1350; wool handloom product Rs 500. The rates up to 1974-75 were Rs 500, Rs 900 and Rs 300 respectively.

<sup>6</sup> *Paschim Banger Tant Shilpa*, 1977.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

<sup>9</sup> Report of the Study Group to Review Working of the Reserve Bank of India Scheme for Handloom Finance, p 82.

<sup>10</sup> *Ibid*, p 98.

<sup>11</sup> *Ibid*, p 98.

<sup>12</sup> Government of India, Ministry of Commerce, *Report of the High Powered Study Team on the Problems of Handloom Industry*, 1974, pp 30-31.

<sup>13</sup> *Ibid*, p 39.

<sup>14</sup> *Paschim Banger Tant Shilpa*, 1977. The figure has been calculated from the report.

<sup>15</sup> Report of the Study Group on Reserve Bank of India Scheme, *op cit*, p 97.

<sup>16</sup> *Report of the High Powered Study Team, op. cit*, p 47.

<sup>17</sup> N Bandopadhyaya, A Kumar, A Chakrabarty, "Expo 79: Banglar Tant O Tanti" *Baramas*, March-April, 1979, p 115.

<sup>18</sup> Report on Intensive Development Project, p 1.

<sup>19</sup> *Report on the Role of the West Bengal State Handloom Weavers' Co-operative Society Limited*, West Bengal State Handloom Weavers' Co-operative Society, Calcutta, Rac and Co (P) Ltd.

<sup>20</sup> *Paschim Banger Tant Shilpa*, 1977.

<sup>21</sup> Report of Study Group on Handloom Finance, *op cit*, p 65.

<sup>22</sup> a) Report on Problems of Handloom Industry, *op cit*, p viii. The team has recommended that a scheme for rehabilitation of handloom cooperatives has to be undertaken. Societies have to be classified into viable ones, those that can be made viable by supervised credit or by amalgamation and those that have to be wound up.

b) Government of West Bengal, Cottage and Small-scale Industries Department M-1669. Cot (VI) / 24-43/76, 25 November 1976.

<sup>23</sup> For detailed of account of the two projects see Export Production Project, *op cit* pp 1-2 and also Intensive Development Project, *op cit* p 2.

## NOTES

### *Revolutionary Organization : A Study of the Ghadar Movement*

ACTION directed towards a revolutionary change implies organized participation. Organization, for that purpose, is generally viewed as an instrument in the strategy and thus a matter of deliberate design. It implies a rational structuring of roles and authority, for such planned action is "both possible and essential" in the considered context of the objective and subjective factors. On the other hand, organization can be viewed in non-structural terms, as a body of people with a "collective spirit", bound by loyalty and commitment to shared goals and to the revolutionary group. What importance is attached to a rational organization as part of a strategy and what shape a revolutionary organization takes are related to the character of leadership and its strategic objectives on the one hand and the ideological ethos of the movement on the other. The organization of a revolutionary movement may, thus be studied from the perspectives of its leadership and its ideological character. An attempt is made in this paper to study the organization of the Ghadar movement from 1913 to 1918 along these lines.

This aspect of the Ghadar movement has, by and large, escaped the serious attention of scholars interested in this movement. Allusions have, nevertheless, been made to its rationally planned structural and functional arrangements. References are also made to the "democratic" organization of the "Ghadar Party", its inner and outer "circles" of authority, division of roles, procedure of recruitment, rules for maintaining secrecy of decisions and activities, establishment of branches functioning under the centralized direction and so on.<sup>1</sup> It has also been contended that the "party" was organized on the principle of "democratic centralism",<sup>2</sup> and that its working committee was akin to the "politburo" of the Communist Party of the Soviet Union.<sup>3</sup> These assessments were based either on the selective exhortations made

in its propaganda paper or the statement of a Ghadarite turned approver in the Lahore Conspiracy trials<sup>4</sup> and the author's personal predilections and impressions. However, as it comes out from the perspectives of the leaders and the conduct of their operations, the ideological appeal was so strong that a rational organization as an instrument of strategy hardly appeared significant.

The Ghadar movement was organized on the Pacific coast of the United States of America (USA). Those who comprised it were Punjabi immigrants, mostly Sikhs, small and middle peasants at home, working as labourers in farms and factories in the USA and Canada. Many of them had served terms in the British Indian Army. Their emigration was a response to economic frustration and oppression at home. Coming to strange lands, however, they were confronted with racial hostility, fear and a sense of alienation. This "double jeopardy of oppression"<sup>5</sup> called for action and to that end an analysis and understanding of the fundamental reasons of their oppression on the one hand and political mobilization and organization on the other. This was the task undertaken by middle class intellectuals, chief among whom was Lala Har Dayal.<sup>6</sup>

Har Dayal had acquired, among Indians living abroad, a considerable reputation as a revolutionary intellectual. Groups of Indian immigrant labourers gathered to listen to him during May-June, 1913, when he addressed a series of meetings at various ranches and farms where they worked. In his sharp anti-British diatribe he explained to them that the basic reason for all their oppression and misery was the British rule in India. The British had ruined the country's economy, and demoralized the people. Thousands had to leave their country in search of a livelihood. In foreign lands they were hated and ridiculed. This was mainly because they were "slaves" of the British. No petitions could give the Indians their freedom and self-respect. The need was to overthrow the British rule through an armed revolt. The British could have been easily removed in 1857 itself had the Sikhs not supported the British then. Now if the brave Sikhs were ready to join the revolt, the British could be expelled in no time.<sup>7</sup> Inspired by the warm response from his audience, he declared at a meeting held at Astoria (June, 1913) that a revolution would occur in India within ten years.<sup>8</sup>

Har Dayal was however, mainly a "man of words"; propaganda, oral and written, was his *forte*, and as for "practical work", he confessed an year later, he was "unsuited."<sup>9</sup> So when issues

like "what is to be done?" and "where to begin?" were raised, his natural answer was to start with a propaganda paper for the political education of the people, particularly of Indians settled in foreign lands. The paper's name was to be the *Ghadar*, to be published in Urdu and Punjabi, and its editor, Har Dayal. Now funds had to be collected and other arrangements made for the purpose. An organization was set up with a working committee of dedicated workers taking one member from each of the main centres where Indian labourers worked. It was named Hindi Association of the Pacific Coast. Har Dayal called it "Hindu Association." Sohan Singh Bhakna was chosen its president, Har Dayal, its secretary, and Kanshi Ram, the treasurer. It is also claimed that a "secret" commission was also constituted consisting of the three top leaders—Bhakna, Har Dayal and Kanshi Ram.<sup>10</sup> Soon afterwards the association came to be known as the "Ghadar Party" after the name of its propaganda paper launched on 1 November 1913.

Publication and distribution of this weekly was the central purpose of the committee. In an interview with the *Bulletin* of San Francisco on 26 March 1914, Har Dayal (he left the U S A on 14 April and with that ended his stewardship of the movement) made a categorical assertion that the "Hindu Association" was established for the purpose of carrying on oral and written propaganda against the British rulers of India. There was the need for continuing political education of Indians "for a long time".<sup>11</sup> He believed that the role of Mazzini must come first: "after Mazzini, Garibaldi; after Garibaldi, Cavour. Even so it must be with us. Virtue and Wisdom first, then war; finally independence".<sup>12</sup> Revolution was a proposition of a distant future. He did not think that organization was a necessary element in the strategy for revolution. It could as well be a "spontaneous revolution."<sup>13</sup> In short, organizing for a revolution was not on the agenda right then.

However, the *Ghadar* did not make a fine distinction between political education and a call for rebellion. The first issue announced: "... today there begins in foreign lands... a war against English rule... a cannonade with the strength of a pen, and the time is soon to come when rifle and blood will be used for pen and ink." In a leading article, "Our Name and Our Work are Identical", it was made clear that the plan was of an armed rebellion on the pattern of the one waged by Indians in 1857. Statistics of India's poverty and the draining of India's wealth to England

were given and the British rule characterized as an "ulcer" and a "plague" on the nation. Indians were called upon to come forward to serve the motherland with *tan, man, dhan* (body, mind and money); to preserve the honour of their forefathers—Singhs, Khans, and Rajputs. "So my last word to you is", Har Dayal exhorted his readers, "rise; gird up your loins. Rise; gird up your loins. Rise. This is not the time to delay."<sup>14</sup>

Surely, revolution was not the programme immediately. The suitable time would be the expected big war between Britain and Germany; Germans, it was given out, would help the people of India. There was already a revolt against the British in Egypt and Ireland. The British, in the coming war, would be engaged by a number of other forces. Reference was also made to revolutionary activities within India and outside. It was believed that "nemesis is at the heels of England". A contribution to the *Ghadar*, sent from Switzerland in the beginning of August, was entitled "Two Things are Necessary." These were "Ghadar and Guns."<sup>15</sup>

A more potent weapon in the armoury of the *Ghadar* however, was raw and passionate poetry of revolt regularly published in the weekly, under the title of "Ghadar di Goonj" (Echo of Ghadar).<sup>16</sup> Straight and sharp expression of their feelings of "shame" and "outrageous disgrace" in foreign lands and of "a weariness of the heart" that the British had robbed them of their honour was the major burden. Conjuring up "the spirits of the past to their service" the poets invoked the injunctions of the tenth Sikh Guru and recalled the battles, the valour and sacrifices of the heroes. This powerful language of communication appeared to validate a hypothesis of Diaz about the Andalusian peasant rebellions that "illiteracy of the audience is no insuperable obstacle", provided the idiom fits into their cognitive maps.<sup>17</sup>

Groups of dedicated Indians worked, practically free of charge, writing, printing, and distributing the paper and preaching among their fellowmen. The *Ghadar* was distributed widely among Indians settled in various parts of the world, particularly among those living in America, Canada, Shanghai, Hong Kong, Manila, Penang and Singapore. It was read at Sikh congregations at the Gurudwaras and its teachings circulated "with deadly effect among Sikh immigrants."<sup>18</sup> Among them were soldiers of the 26th Punjabi Regiment then stationed in Hong Kong. As the propaganda of the *Ghadar* started winning adherents and securing generous contributions, the rising strength of spontaneous support became the chief

measure of the success of their efforts for a revolution. Conversely the needs of "methodical element" and organizing for rebellion were pushed to the background.

Some of the Indian students in California, however, appeared to carry ideas of a simultaneous organizational effort for purposes of launching a revolution which, they thought, was patently their task as against that of the immigrant labourers. They were "the only intellectuals . . . with whom Lala Har Dayal could discuss planning for achieving India's independence . . . Lala Har Dayal inspired us by his eloquence . . . Lahiri (Jatinder Nath) had the practical experience to organise."<sup>19</sup>

Lahiri proposed to organize the struggle on the pattern of secret terrorist organizations like the Anushilan and Jugantar Samities. Strict rules were laid down for the recruitment of members; vows of secrecy and celibacy were strictly observed and provision was made for the training of members in boxing, wrestling, fencing, shooting and manufacture of explosives.<sup>20</sup> Lahiri's own account, however, does not indicate any assumption of organizational roles by him. His interest lay in training in boxing, fencing and so on, and not in organizing for a revolutionary struggle.<sup>21</sup> Pandurang Sadashiv Khankhoje, another of the young "intellectuals" alludes to a rational division of roles in the Ghadar "party", one was the "propaganda wing" controlled by Har Dayal and the other was an "action wing" controlled by Khankhoje himself.<sup>22</sup> Gobind Behari Lal *thought* that *he* was one of the three who constituted the nucleus of the *Ghadar* organization.<sup>23</sup>

For a short time in the beginning, a handful of these *petit bourgeois* radicals who had been associated with Har Dayal carried notions of their organizing skills. They were different from the immigrant Punjabi labourers both in their social and political consciousness and the conceptions of a revolutionary struggle. Whereas the educated elements viewed revolutionary enterprise in terms of secret organizations and terroristic activities, the immigrants coming from the peasant stock viewed it mainly as an enterprise of valour and sacrifice in an open combat. Further, whereas the former treated the volatile and precipitate Punjabis as a "crowd of rustics," with a certain cavalier attitude, the latter looked upon these "Babus", as soft spoken and timid, with suspicion.<sup>24</sup> Formalism and secrecy signified cowardice to those who were prepared to lay down their lives for their cause.

There was thus an "uneasy coalition of the two distinct elements in the Ghadar movement."<sup>25</sup> However, the "intellectuals"

sensed the temper of the audacious Punjabi immigrants and the difficulty in "utilizing" them for their designs of revolutionary work. There is no evidence that they insisted on priority for organization, and "the Sikhs came forward mostly and the movement was practically theirs."<sup>26</sup>

Harcharan Das, who turned an approver and a prosecution witness at the San Francisco conspiracy trial, stated that a set of 17 rules had been framed for what he called the "Yugantar Ashram Group." Giles T Brown refers to it as the "inner circle" and says, "Har Dayal hoped to control the activities of the larger association".<sup>27</sup> Doubts about the authenticity of this version apart,<sup>28</sup> the activities of the Yugantar Ashram group related mainly to propaganda.

The leadership had not yet formulated its strategy for a revolutionary struggle. But the *Ghadar* made frequent references to some methods and tactics which could be employed. These were evidently in the nature of ad hoc loud thinking. In its very first issue, the *Ghadar* suggested an uprising on the pattern of the one of 1857. Indian soldiers of the British Indian Army were to be roused and won over and so too the common people. Arms had to be captured from military arsenals. An analysis of the objective conditions was not made. On the other hand, such other exhortations were also simultaneously made as reflected a fascination for terroristic exploits.

Har Dayal's article "Philosophy of the Bomb" commended the terrorist heroes and their deeds. His exultation over the bomb thrown at the Viceroy, Lord Hardinge, in December 1912 is well known. The Ghadarites were asked to "shine like the Bengalees... join the Bengalees . . . and set up secret societies. It is necessary to deal first with the traitors of the nation and then ride on the chest of the enemies... The first task is of killing the whites, the rest will be seen later."<sup>29</sup>

Whereas the leading figures conceived of the revolutionary struggle as a broad-based popular armed uprising, the cues relating to methods spread by *Ghadar*— the only effective channel of communication and the only reliable repository of their thinking— left the issues considerably vague and open. The *Ghadar*, unlike the *Iskra* in the hands of Lenin, was conceived only as a propaganda paper and not as an organizer. The Bolsheviks had given a high priority to the structuring of unified militant organization as an instrument of strategy and so the *Iskra* could be used as a powerful organizer. The *Ghadar* leadership had neither cared to plan

its strategy nor thought of organization as its essential instrument. Perhaps the leaders felt that it was a matter for future consideration. Meanwhile, the *Ghadar* became a powerful medium for rallying large numbers to the cause of armed rebellion. They were mesmerized by their own propaganda and its success in winning adherents became a further force for bypassing the needs of organization.

When the prospects of war between Britain and Germany appeared on the scene, in the last week of July 1914, the "great opportunity" generated a restlessness for immediate action. The *Ghadar* of 28 July 1914 called upon its adherents to start a "rebellion in India, as soon as the war breaks out in Europe." On 4 August, the *Ghadar*, in an article entitled "The Trumpet of War," gave a call to arms: "O 'warriors'! the opportunity that you have been looking for has come... Don't delay a moment... This is the right moment to start a war of independence. You can very soon expel the British from India."

Evidently the need of a considered and carefully formulated plan of action and even a rudimentary organization for launching an armed revolt against the foremost imperial power of the time escaped the attention of those who assumed leadership roles. Enthusiastic patriots fanned out to various settlements of Indian immigrants in Canada and U S A exhorting their compatriots to return to their motherland "at once." Some of them had started enlisting the people soon after the *Komagata Maru* had left the Canadian waters on 23 July.<sup>30</sup> Special gatherings were held at Oxnard, Upland, Fresno, Los Angeles, Astoria, Clairmont, followed by a big one at Sacramento on 11 August. Bhagwan Singh, Mohaammad Barkatullah and Ram Chandra addressed these gatherings. The *Portland Telegram* of 7 August flashed the news: "Hindus Go Home to Fight in Revolution". Ship after ship carried groups of highly surcharged revolutionaries to the shores of India.

But what exactly were they to do on reaching home? Prithvi Singh Azad recalls that every one present at the gathering at Sacramento sensed a crusading fire in everybody around, but none had any clear notion in his mind of the nature or content of the revolutionary programmes.<sup>31</sup> The *Ghadar* of 4 August had given instructions: "Go to India and incite the native troops. Preach mutiny openly. Take arms from the troops of the native states and wherever you see the British, kill them. If you do your work quickly and intelligently, there is hope that Germany will help you. Get help from Nepal and Afghanistan. Start the War quick.



Don't delay." Aboard the ships, these revolutionaries organized themselves into small bands under appointed leaders, took oaths of solidarity, made preliminary plans of their activities, sang revolutionary songs and in the port towns of Manila, Hong Kong, Penang, Singapore, Rangoon went out openly preaching rebellion and persuading Indians to join the crusade.<sup>33</sup> When the first two ships, *Tosha Maru* and *Mashima Maru*, were detained by the British Resident at Penang, some of them seriously thought of starting the revolt there itself.<sup>33</sup>

Hundreds of them were arrested on arrival at Indian ports, including some prominent leaders like Sohan Singh Bhakna, Jwala Singh, Wasakha Singh, Udham Singh Kasel and Jagat Ram. A total of 704 were restricted to their villages.<sup>34</sup> But the most eminent leaders like Bhagwan Singh, Santokh Singh, Balwant Singh, Barkatullah and Ram Chandra had stayed back in California hoping to develop collaboration with the Germans.

Without a centralizing leadership or a headquarter, and devoid of support from the general public, bands of Ghadarites carried on ad hoc efforts to collect arms, raise funds through armed dacoities, go to the barracks to win over soldiers, manufacture hand made bombs, and so on<sup>35</sup> until Rash Bihari Bose effected some sort of coordination of activities. The launching of revolt was bound to be affected by organizational weaknesses. The uprising planned for 19 February ended in a tragic fiasco. But the dauntless courage of these patriots and the staggering sacrifices made by them became a perennial source of inspiration to the Punjabis in all their future struggles for freedom and justice. The perspectives of the leadership about revolutionary strategy, their conception of their own roles, the emergent pattern of authority, the way the members were recruited and the manner in which coordination of efforts was sought to be achieved, all point to a high premium on spontaneity and a pre-organizational effort.

When the Hindi Association was formed, the object was clear: to prepare for an armed revolt in India. As to what was to be done, propaganda for political education was the paramount concern. The band of dedicated leading men of the community, called the "working committee", was concerned mainly with publication and distribution of the paper and mobilizing people for rebellion. Though Har Dayal thought that armed revolt was a future proposition he was not sure if that necessarily called for a different type of revolutionary organisation for it could as well be a spontaneous uprising. He neither considered it necessary to make

an analysis of the objective conditions and the subjective element or the possible strategy for revolt, nor did he make his prominent comrades aware of the urgency or importance of organization as an instrument of strategy.

Sohan Singh Bhakna contends that the "working committee" constituted in May 1913 was a collective decision making body for all matters and that to take decisions on top secret and important financial matters an inner circle of three leaders, Bhakna, Har Dayal and Kanshi Ram, which he calls the "secret commission", was constituted. According to him, these bodies were democratically elected and had a one year term of office.<sup>36</sup> There is however no mention in the *Ghadar* of any formal meetings of these bodies or of the decisions made therein, nor is any other evidence available to corroborate it. On the contrary, very important decisions, like the ones relating to the change of the editor of *Ghadar* after Har Dayal's departure and the appointment of the new Secretary in his place appear to have been made informally.

What is more striking about the absence of specific and formal role allocation is the fact that whereas, by all available evidence Ram Chandra became the editor of the *Ghadar* in March—April, 1914, and remained in charge of the finances and a major man of authority until his death in 1917, Sohan Singh Bhakna, who was then the president and also as he claimed, the chairman of the so-called "secret commission", believed that Harnam Singh Tundilat was made the editor and Santokh the secretary after Har Dayal.<sup>37</sup> The statements of Ghadarites in the conspiracy trials also indicate that they had very conflicting notions about who were the office bearers and which ones held what positions.<sup>38</sup> Whereas it is given out that when Bhagwan Singh and Barkatullah arrived at San Francisco from Hong Kong and Japan in May 1914 they were appointed president and vice-president of the Association respectively, it has however not been possible to find evidence of any formal meeting of the general body or the working committee to hold fresh elections.

Available evidence does not suggest the existence of an identifiable formal decision-making centre of authority. Ram Chandra was the one who stayed permanently at the Yugantar Ashram, the "party" headquarters and the Berlin Committee regarded him as the chief leader of the Ghadar party for purposes of coordinating revolutionary activity. Most other prominent leaders however did not consider that he had any legitimate authority. The movements of and the roles assumed by a number of leading

figures like Bhagwan Singh, Barkatullah, Harnam Singh Kahri, Sohan Lal Pathak indicate that they could act almost autonomously or by informal and ad hoc allocation of duties. The authority of particular leaders was based, in practice, not upon their formally allocated roles but on the respect which they enjoyed among separate groups. To many the only source of direction was the *Ghadar*.

How was then a division of roles effected? How was discipline maintained among the rank and file? According to Sohan Singh Bhakna, each member worked according to his sense of duty everywhere because the members had come to fully understand their duties. This was "not a discipline of the rod but of sense".<sup>39</sup> Organisation, apparently, was not a priority, for the *Ghadar* of 4 April 1915, acclaimed without reservation, the spontaneous and pre-organizational character of the "party" thus: "The People of this party cannot make the usual arrangements for organisation, register, house etc. Outside the country they wander thirsting, starving, clad in rags but filled with great enthusiasm, Such is the sacred Hindustan Ghadar Party, which though without any particular centre, has its soldiers ready everywhere and at every time."<sup>40</sup>

The accent being on heroism, planning and coordination of effort under a unified command appeared less significant. Sachindra Nath Sanyal, who came to the Punjab to make an assessment of the situation on behalf of Rash Bihari Bose, relates an incident which points up the fact that the Ghadar movement did not possess a recognised hierarchy of leadership. At a meeting with some of the important Ghadar leaders, he expressed his desire to talk to their chief. Amar Singh told him frankly, "To tell you the truth, we do not have a real leader, that is why we need Rash Bihari Bose". Kartar Singh Sarabha substantially agreed with Amar Singh but turned to assure him, "Look brother why are you getting so despondent? When the time comes you will see how many hidden heroes emerge out of us."<sup>41</sup> The incident points as much to the felt absence of a collective organization under one chief as to the persistent belief in the strength of spontaneity and that heroism is after all the main consideration in a revolutionary struggle. "Our leaders were our sentiments", says Prithvi Singh Azad with a hindsight.<sup>42</sup>

How were the participants in the proposed revolt recruited? "The Ghadar gave an open call to all Indians", says one leader, "and all those who felt the same way became our comrades".<sup>43</sup> Prithvi Singh Azad, another important Ghadarite was equally un-

ambiguous in his reply: "All those who could abuse the British or showed enthusiasm and fire; they joined. All those who wanted to join, joined."<sup>44</sup> All such Indians as appeared to be ready to work for the Ghadar cause were taken as comrades. According to some of the Ghadarites the primary test of a particular individual's bonafides was his expressed passion for the cause.

Did they prepare any list of their members or participants? No. Amar Singh told the court that soon after the *Komagata Maru* left the Canadian waters, he went out persuading his compatriots in British Columbia to leave for India to participate in the rebellion. All the passengers of the *Komagata Maru* were regarded as fellow Ghadarites. Wherever the home bound ships stopped in ports, the leading Ghadarmen went out and collected small numbers of Indians to accompany them to India. "Only cowards would remain behind"<sup>45</sup> proclaimed the *Ghadar*. Those who prevaricated or hesitated were ridiculed. At one of the gatherings at Manila one lady, Gulab Kaur, took off her bangles and offered them to the hesitant ones.<sup>46</sup>

Arriving in India Ghadarmen were instructed to move to their villages to enlist rebels. "I was asked to go to Doaba and bring any men I knew", Jawand Singh reported at his trial in the fourth Supplementary Lahore Conspiracy Case.<sup>47</sup>

Was there not a possibility of men of doubtful intentions joining the Ghadar *Jathas*? Gujjar Singh Bhakna admitted there was such a possibility, "but that was not the time for us for a scrutiny. All those who felt for the country had to be collected".<sup>48</sup>

Groups of Ghadarites came from a number of different centres. These centres were called "branches". The *Ghadar* exhorted the readers to set up "branches". There were however no instructions given about the purpose, function or shape of their organization. Sohan Singh Bhakna claimed 72 branches were set up in the USA alone.<sup>49</sup> A "branch" actually meant a group of people influenced by the teachings of the *Ghadar*.

How were these "branches" constituted? "The *Ghadar* spread the ideas. The people formed small fraternal groups and these, of their own accord, started taking organisational shapes", tells one leader.<sup>50</sup> "Branches sprang up spontaneously in Panama, Mexico and China", writes Harjap Singh.<sup>51</sup> The idea of creating a rational organisation and forging links between the various branches and with the central leadership or authority for purposes of a unified command and control were not considered significant. The California State Senate Committee on Un-American Activities

discovered that "each of the Ghadar parties throughout the world was purely autonomous, there being no organisational contact between them. The contacts between these groups in the United States were informal and indirect."<sup>52</sup>

The operations of Ghadarites while working for a revolt in India reflected more or less autonomous and separate group activity. Before the arrival of Rash Bihari Bose in January 1915, these separate groups called *Jathas* (gangs or bands and known after one or other leader such as Nidhan Singh's *jatha*, Nawab Khan's *jatha* or Gujjar Singh's *jatha* made more or less independent plans and announced their separate dates of starting the rebellion.

The main channel of communication between these groups in distant places and the leaders at San Francisco was the *Ghadar*. Often one or other leading figure moved from one place to another preaching the cause and giving instructions. However, as it comes out in the statements in the conspiracy trials, the roving activists functioned more or less autonomously in the absence of a central plan or central command. The pattern remaining, by and large, similar even at the time when armed uprising was to be launched, the facility which self appointed communicators enjoyed could lead to unspecific and even conflicting directions. This was part of the reason for separate dates of the rising and other exploits sometimes just to "fill the time" until the stipulated uprising.

The Ghadar] movement was Janus-faced. It reflected, on the one hand, a revolutionary potential and a resemblance to traditional peasant revolts on the other. Its constituents, the peasants from Punjab, influenced by a vastly different environment they confronted in foreign lands, and by broader socio-political ideas, developed progressive orientations. This in fact was a major factor which alienated them from their compatriots at home. But their values and patterns of collective activity remained traditional.

Leadership, in such situations, is a crucial variable. If it is of a traditional peasant character, the flexibility on the organisational plane leaves things to be tackled by actors according to their environment and their resources. What then holds them together is an emotional commitment to common goals and to one another. The rebel is prepared to prove his loyalty by laying down his life. There follows a "worship of spontaneity."

Spontaneity, however, is "nothing more or less than consciousness in an embryonic form." A leadership with a high level of revolutionary consciousness and organizational skill may succeed

in transforming the spontaneous element into a rationally organized movement for planned political tasks. In the absence of organizational skills, the success which powerful ideological appeal and mobilization skills seem to ensure, tends to provide strong rationalization for by passing the difficult but nevertheless crucial task of "confronting reality with reason." That in fact is one of the major reasons for the tragic failure of many a revolutionary movement.

HARISH K PURI

- <sup>1</sup> See for instance R C Majumdar, *History of the Freedom Movement in India*, Calcutta, K L Mukhopadhyaya, 1963, Vol II, pp 387-389; LP Mathur, *Indian Revolutionary Movement in the United States of America*, S Chand and Co New Delhi 1970, pp 54-61; Randhir Singh, *Ghadar Heroes*, People's Publishing House, Bombay, 1945, p 809; G S Deol, *The Role of the Ghadar Party in the National Movement*, Sterling, Delhi, 1969, pp 59-60; A C Bose, *Indian Revolutionaries Abroad*, Bharati Bhawan, Patna, 1971 p 60; Giles T Brown, *The Hindu Conspiracy and the Neutrality of the United States 1914-17*, M A Thesis (unpublished) University of California, Berkeley 1941, p 7; Dharam Vira, *Lala Har Dayal and Revolutionary Movement of his Times*, Indian Book Co, New Delhi, 1970, p 196.
- <sup>2</sup> Sohan Singh Josh, *Baba Sohan Singh Bhakna: The Life of the Founder of the Ghadar Party*, Peoples Publishing House, New Delhi, 1970, p 27.
- <sup>3</sup> Sohan Singh Bhakna's speech at the All India Revolutionaries Conference at Jullundur on 17 September 1967. Proceeding of the conference in the *People's Path* October 1967.
- <sup>4</sup> Statement of Harcharan Das in *United States of America versus Fraz Bopp*, U S Department of Justice Records; also in *Second Supplementary Lahore Conspiracy Case*, Hom Dept (Pol) B, May 1917, proceedings 342-43, File pp 150-51. This statement cited in detail by Giles T Brown in his M A Thesis became a major source for these formulations by some of the above mentioned authors.
- <sup>5</sup> Mark Juergensmeyer, "The Ghadar Syndrome: Nationalism in an Immigrant Community", *Punjab Journal of Politics*, Vol I, No I, p 1.
- <sup>6</sup> Others included Taraknath Das, Guru Dutt Kumar, Harnam Singh Kahri, P S Khankhoje, G B Lal, Darisi Chenchiah, Bhai Parmanand and Mohammed Barkatullah.
- <sup>7</sup> Report of W C Hopkinson, Home Department (Pol) B November 1913, proceedings 62-66. Also Harnam Singh "Tundilat", "*Ghadar Party Ka Itihas*" (unpublished).
- <sup>8</sup> Report of the British Consul at Portland, Home Department (Pol) B, November 1913, proceedings 62-63.
- <sup>9</sup> His letter to German Consul-General in Geneva, cited in Emily C Brown, *Har Dayal: Hindu Revolutionary and Rationalist*, University of Arizona Press, Tuscon, 1975, p 187.
- <sup>10</sup> Sohan Singh Bhakna, *Jeevan Sangram*, Yuvak Kendar Prakashan, Jullundur, 1967, pp 43-44. Dharam Vira calls it the "Finance Committee", *op cit*, p 186.
- <sup>11</sup> Emily Brown, *op cit*, p 159.
- <sup>12</sup> *Bande Mataram*, Geneva, 10 September, 1909, Excerpts in J C Ker, *Political Trouble in India 1907-1917*, Oriental Publishers, Delhi, 1973 (reprint), p 113.
- <sup>13</sup> Emily Brown, *op cit*, p 113.
- <sup>14</sup> *Ghadar*, 1 November 1913, true translation in Home Department (Pol) A January 1914 proceedings 42-43.
- <sup>15</sup> *Ghadar*, 11 August, 1914. See Brown, *op cit*, p 128.
- <sup>16</sup> The first volume of these poems (pp 28) was published in April 1914 by the Ghadar Press, San Francisco.
- <sup>17</sup> Ted Gurr, *Why Men Rebel*, Princeton University Press, New, Jersey 1970, p 226.
- <sup>18</sup> Emily Brown, *op cit*, p 147.

- <sup>19</sup> Drisi Chenchiah, "*The Ghadar Party 1913-18: An Authentic Report*," 1956 (unpublished), Part III, pp 13 and 16-17. Chenchiah was a student of agricultural sciences and had joined the Ghadar movement.
- <sup>20</sup> *Ibid.*
- <sup>21</sup> Uma Mukherjee, *Two Great Indian Revolutionaries*, K L Mukhopadhyaya, Calcutta, 1966, p 65.
- <sup>22</sup> Bhupendranath Dutt, *Aprakashit Rajnitik Itihas*, Nav Bharat Publishers, Calcutta, 1953, Appendix V.
- <sup>23</sup> Emily Brown, *op cit*, p 140.
- <sup>24</sup> Khushwant Singh and Satindra Singh observe that "the Sikhs looked down upon the 'Hindu' as English knowing 'babus' and expected them to do as they were told. The Hindus treated the Sikhs with contempt as a lawyer treats his rustic client from whom he draws money", *Ghadar* 1915, R and K Publishing House, New Delhi, 1966, p 16.
- <sup>25</sup> Emily Brown, *op cit*, p 140.
- <sup>26</sup> Chenchiah, *op cit*, Part II, p 14.
- <sup>27</sup> Giles T Brown, *op cit*, p 7.
- <sup>28</sup> Harcharan Das reportedly moved to San Francisco from Canada only after September 1914 when the main body of Ghadarites had already left for India. The fact that he gave the statement as an approver and that this could not be corroborated from other available evidence raised doubts about its authenticity.
- <sup>29</sup> *Ghadar di Goonj*, pp 4 and 16.
- <sup>30</sup> Statement of Amar Singh in Lahore Conspiracy Case, Home Department (Pol) A October 1915, Proceedings 91, file pp 62-63.
- <sup>31</sup> Prithvi Singh Azad, *Kranti Path Ka Pathik*, Pragya Prakashan, Chandigarh, 1964, p 81.
- <sup>32</sup> Nawab Khan's statement, Lahore Conspiracy Case, Home Department (Pol) Secret, October 1915, proceedings 206-238.
- <sup>33</sup> Jagjit Singh, *Ghadar Party Lehar*, Tarn Taran, 1955, pp 321-22
- <sup>34</sup> The Lt Governor of Punjab reported that out of 3125 returned immigrants who passed through the hands of the police at Calcutta and Ludhiana upto end of February 1915, 189 had been interned and 704 restricted to their villages, *Sedition Committee Report (1918)* New Age Publishers (reprint) Calcutta, 1973, p 155.
- <sup>35</sup> For details see Harish K Puri, "Ghadar Party: A Study in Militant Nationalism" Ph D Thesis, Guru Nanak Dev University, 1975, pp 251-52
- <sup>36</sup> Bhakna, *op cit* p 40.
- <sup>37</sup> *Ibid*, p 48.
- <sup>38</sup> See for instance the statements of Amar Singh, Jagat Singh, Mula Singh, Inde, Singh and Nawab Khan in the Lahore Conspiracy Case, Home Department (pol) A October 1915, proceedings No, 91.
- <sup>39</sup> Bhakna, *op cit*, p 45.
- <sup>40</sup> See true translation in Home Department (pol) Secret, October 1915, proceedings 206-238, Appendix II.
- <sup>41</sup> Sachindra Nath Sangyal, *Bandi Jeevan*, Atma Ram and Sons, Delhi 1963, p 20.
- <sup>42</sup> Prithvi Singh Azad in his interview with the author, tape recorded.
- <sup>43</sup> Gujjar Sing Bhakna, in his interview with the author, tape recorded.
- <sup>44</sup> Prithvi Singh Azad, interview.
- <sup>45</sup> *Ghadar Di Goonj*, Vol I p 20.
- <sup>46</sup> See Gurcharan Singh Sainsara, "A Sikh Heroine of the Ghadar Party, Gulab Kaur-" *Journal of Sikh Studies*, Amritsar, Vol IV No 2 pp 93-98.
- <sup>47</sup> *Crown Vs Jawand Singh*, Fourth Supplementary Lahore Conspiracy Case, Home Department (pol) A September 1918, proceedings 55-57.
- <sup>48</sup> Gujjar Singh Bhakna, interview.
- <sup>49</sup> Sohan Singh Bhakna, *op cit*.
- <sup>50</sup> Prithvi Singh Azad, interview.
- <sup>51</sup> Harjap Singh, *Meri Pardes Yatra*, unpublished.
- <sup>52</sup> The Senate Fact Finding Committee of California State, 7th Report on Un-American Activities in the State of California, San Francisco, 1953 p 216.

## *Features of British Indigo in India*

PRIOR to the British dominance in Bengal, indigo was cultivated and processed primarily in Gujarat, Rajasthan, Lahore, Oudh and Agra. The dye was consumed domestically, and was exported in early times to the Roman Empire and Europe. The export of indigo dye from India expanded during the sixteenth and early seventeenth century when Indian indigo attracted European traders. The contraction of Indian indigo export during the late seventeenth century has been attributed to the competition from West Indian indigo; the latter is presumed to have been produced by a superior technology.<sup>1</sup>

Around 1780's, along with the British dominance in Bengal, the following situation existed: 1) The East India Company, its servants and private British traders were eager to develop a regular means of remittance to transfer their wealth and pay for imports, 2) Only a primary commodity could be exported because the export of manufactured goods from India elicited resistance from British manufacturers. 3) Although Bengal opium was exported to China to pay for British tea imports, no other primary commodity produced in Bengal was suitable for remittance. This was either because of the domestic scarcity or the international price disadvantage of such commodities. 4) West Indian planters had switched from indigo to more profitable coffee and sugar. 5) The supply of indigo from other sources such as America and Guatemala was uncertain due to the prevailing hostilities. 6) The demand for indigo was rising in Europe both due to fashion as well as increased warfare.

Under these conditions, the export of indigo from India was an obvious choice for the British. A not-so-obvious British policy however was to promote British plantation in Bengal and Bihar, the two provinces which had practically no prior experience in the commercial production of indigo.<sup>2</sup> Another aspect of the same policy was to discriminate against upper Indian (UI) indigo pro-



duced at the traditional centres of production cited earlier. A major decision was taken by the Court of Directors in 1800 to impose a transit duty of 15 percent on UI indigo. The British planters in Bengal and Bihar demanded this tariff protection on the grounds that indigo, being new in Bengal and Bihar, necessitated a larger investment and operating costs and the inferior quality of UI indigo would destroy the reputation of Indian indigo in the world market. The Bengal Board of Trade, on the other hand, maintained that the long-term survival of indigo would be possible only if UI indigo was not discriminated against and the market was allowed to decide a price and quantity for every quality of indigo. The court however ruled against the free market in favour of protection. There were many other ways other than tariff protection in which the administration supported British plantations, as will be seen in the course of this paper. The support continued throughout the period during which British plantations existed, that is, until the 1910's.

### *Differences between the British and Upper Indian Systems*

Let us first examine the relative strength of British and UI indigo as it was displayed in the market. Half a century after the tariff discrimination was imposed on UI indigo, between 1849 and 1859, the expansion of British indigo was at its peak. Even during this period, Doab and Banaras continued to supply about 25 percent of the exported indigo (see Table 1). From this performance of UI indigo, it is clear that British indigo did not have any cost advantage. One can thus conclude that the UI system was fully

TABLE I

DISTRIBUTION OF THE OUT-TURN OF INDIGO IN BENGAL PRESIDENCY,  
BY THE REGION OF ORIGIN DURING 1849-59

Year	Doab and Banaras	Tirhut district	All Bihar districts	Percentage	
	(i)	(ii)	(iii)	(i) + (ii) + (iii)	Total
49-50	19.3	19.1	28.4	52.2	100
50-51	18.5	24.2	33.2	48.3	100
51-52	28.6	14.6	23.8	47.6	100
52-53	30.2	20.4	30.9	38.9	100
53-54	35.7	17.5	25.0	39.3	100
54-55	20.5	25.7	36.1	43.4	100
55-56	31.0	17.3	28.7	40.3	100
56-57	7.2	25.3	39.0	53.8	100
57-58	18.8	21.9	30.2	51.0	100
58-59	24.5	25.2	37.8	37.8	100

SOURCE: The Report of Indigo Commission, Appointed under Act XI of 1860, British Parliamentary Papers, Vol XLIV, 1861, Appendix 17.

capable of producing indigo for remittance, if remittance was the sole concern.

This leads us to examine the differences in the technology and the organization of production between the UI and British systems. It is generally argued that the British introduced new machinery and managerial expertise.<sup>3</sup> In particular, the government support to British planters was justified on the basis that West Indian technology was superior to native technology and that British plantations would emulate this superior technology. No evidence exists however that British hardware was superior to UI hardware.<sup>4</sup>

There were significant differences, on the other hand, in the organization of production between the two systems. In Agra, individual cultivators produced indigo, and used some degree of cooperation at village level for the extraction of the dye. In Gujarat, cultivation was mostly done by individual farmers, and dye was extracted by middlemen who also marketed the final product.<sup>5</sup> The scale of operation was small both in the case of peasants extracting dye collectively or middlemen extracting dye after purchasing indigo plants from cultivators. No evidence exists that any coercion was used by the parties involved in the UI system.

British plantations, on the other hand, operated on a large scale.<sup>6</sup> In fact, these were the first large organizations to operate in rural India which were not military or religious in nature. Each plantation had a large number of permanent employees, godowns, factory establishments, and recurring expenditure on managers' comfort.<sup>7</sup> All this meant commitment to large overheads. Their mode of operation was characterized by a routine use of coercion, on which there is no dearth of evidence.<sup>8</sup> The legal relationship between planters and cultivators differed across regions, and even within a region, depending on whether the cultivator was a tenant of the factory, or bound by a lease, or a wage labourer; and whether the land was owned by the factory or leased by the factory from a landlord. Regardless of these differences, the planter employed coercion to impose indigo on cultivators and to keep them bound to the system as long as possible. Legal and illegal forces were used for plainly exploitative purposes, such as 1) to extract the best land and labour for indigo; 2) to pay the lowest possible price for output; 3) to impose all risks of crop failure on the cultivator; 4) to invoke assumed *zamindari* (landlord's) rights for underpaying or not paying cultivators for supporting services; 5) to use improper measuring and weighting systems for land and

produce; 6) to impose *ahbabs* (customary payments)<sup>9</sup> on cultivators and 7) to extract *dasturi* (bribes) for factory servants. For the first time in Indian agrarian history, the choice of cropping pattern was taken away from cultivators on such a widespread scale. The economics clearly worked against the cultivators.<sup>10</sup>

In order to examine the dynamics of the British system, it is necessary to analyse the relations between plantations and other participants, such as the administration and Indian landlords. It is seen in the following sections that these relations were simultaneously cooperative and antagonistic.

### *Planters and Administration*

The administration's policy towards British planters can be seen as both consistent and vacillating over time. The basic policy of exploiting a primary commodity through imperial powers remained unchanged throughout the period from 1780 until 1915 when exogenous forces were driving indigo out of the market. Within this basic framework, however, the British policy displayed a multilevel schizophrenia between protection and competition, mercantile adventurism and administrative caution, and long-term aims and short-term expediency. Not only did the tactical policies vacillate over time, but they often contradicted one another. The interests of the administration and planters directly conflicted at times when the rural unrest resulting from planters' exploitation reached a critical point of jeopardizing the British order.

After granting the initial tariff protection to British indigo, the administration discontinued financial advances to planters in 1802. This was done with a view to encourage competition, but advances were quickly resumed under pressure from planters. The UI indigo continued to be discriminated against all along, even after complete British control over the region which produced this indigo. This discrimination was with full knowledge of the competitive advantage of UI indigo; a situation which is similar to the discrimination against Malwa opium which had its own disastrous consequences on the British opium trade. The agency houses and other financial institutions involved in indigo trade were supported in very much a stop and go manner with frequent changes in the rules of the game.

The implementation of policies at the grass-root level often varied from the expression of policies in Calcutta because of the different interpretations given by British administrators at different levels from Calcutta to the districts. There were obvious reasons for such interpretations to be strongly biased in favour of

planters. In the initial years, the Company servants were allowed to trade in indigo for both speculative and remittance purposes. Although the direct participation of the Company servants in trade was severely restricted by Cornwallis, the pecuniary interests of the servants remained strongly linked to the large business houses in Calcutta until the late nineteenth century. In turn, the profitability of many of these houses was dependent on the extent of protection and licence given to British indigo planters in rural areas. Also, planter-administrator communication was far easier than cultivator-administrator communication, given racial bias and social interaction. During civil crises, the administration not only trusted planters but endowed them with magisterial powers.

The brutalities of the British indigo system were very much evident in its formative years, as early as 1796, and the cultivators misery and resistance were common since the early nineteenth century.<sup>11</sup> The basic economics of the British system however was never questioned, and alibis were found elsewhere. Planters blamed the administration for insufficient financial support and for the law prohibiting planters from owning land. They blamed Indian landlords for their non-cooperation and wickedness. The administration often traced indigo problems to the fickleness of the farmers' minds. Incidentally, the administration also proposed a social engineering point of view, that the problems of indigo would be solved if cultivators internalized the importance of indigo to the British Empire. Whenever feasible, the administration found ways of responding to planters' demands. The Charter Act of 1833 granted planters the right to own land. A strong intervention from Calcutta came only in 1857-1861 when planter-cultivator conflict in Bengal reached an explosive state. Act X restricted the rights of landlords and planters. The instantaneous opposition of planters to Act X led to a ruthless use of Act XI of 1860 which made cultivators completely vulnerable to planters through legal procedure. Only when the resulting resistance of cultivators in Bengal was even more violent, and threatened the British order, was it proclaimed at the end of 1860 that growing of indigo could not be imposed against the will of the cultivators.

Though this proclamation precipitated the rapid decline of Bengal indigo, the British administration was careful to ensure that the indigo system in Bihar remained insulated from the events in Bengal. The resistance in Bihar, whenever it occurred, was treated merely as a law and order problem, in a manner similar to the pre-1859 treatment of Bengal resistance.

The usual assertion that legal protection was extended to

rural India by the British fails to be substantiated in the present case. The local courts had no jurisdiction over the British for a long time. The courts which controlled the British were too far away. The legal system was too alien and expensive for peasants. The grass root administration and police effectively prevented cultivators from approaching higher authorities. In those rare cases of planter-cultivator conflict which reached to the level of a court hearing, verdict was almost always in favour of planters. Above all, the higher authorities approved of the entire system as long as it did not produce any major rural unrest.

### *Landlords and Other Indian Participants*

The participation of Indian landlords in Bihar and Bengal indigo was varied and ambivalent. Often, landlords' and planters' interests conflicted because planters tended to assume *zamindari* rights which did not leave much surplus for landlords. On the other hand, planter-landlord interests coincided in situations in which landlords could obtain larger land revenue by leasing land to planters who would then do the dirty job of recovering high rents. It could be surmised that collaboration with planters was easier for big landlords than it was for small landlords. Big landlords usually dealt with their tenants in a more organized and impersonal way, through a hierarchy of assistants, which facilitated a greater indifference towards the problems of tenants.

The cooperation from landlords was necessary for a profitable operation of indigo enterprises regardless of the nature of contract between cultivators and planters. Such cooperation however was more essential if cultivators were wage labourers working on the land leased to the factory. In this system called *niz* in Bengal and *zeerat* in Bihar, tenants were evicted from their hereditary land and then routinely forced to work as wage labourers.

There was a clear absence of Indians as planters. The only notable exception was D N Tagore who directly owned and exercised influence over the factories linked to his financial enterprise. Tagore however cannot be classified as non-British, especially in the context of his business operations. He employed British plantation managers and exercised sufficient influence over the bureaucracy.<sup>12</sup>

A large number of Indians participated in British plantations as subordinates employed in administration, production and police activities. The Indian employees at higher ranks received a salary plus a commission on revenue, while the lower rank employees received only a fixed salary. At all ranks however, their earn-

ings were augmented by extracting bribes in return for their leniency to cultivators.<sup>13</sup> The power of petty officialdom to abuse peasants who have no resources and no access to law can be considerable. The widespread presence of such pure parasites at grass-root levels has been a common feature in India, in one form or another, at least since the Mughal times.<sup>14</sup> One could thus say that British planters merely adopted an administrative style which had already been successful when their purpose was to exploit the countryside.

### *Differences between Bengal and Bihar*

After the Bengal crisis of 1860, the entire British indigo system moved to Bihar where it expanded until as late as 1880.<sup>15</sup> Even before the Bengal crisis, the production of indigo in Bihar was comparable to that in Bengal. During 1849-59, about 31 percent of the total outturn of indigo in Bengal Presidency came from Bihar, compared to 44 percent from Bengal itself (see Table I). Though the earliest reports of planters' brutalities came from Bihar, there was no significant organized resistance to planters until 1867—ten years after the Bengal crisis—when a localized conflict occurred in Champaran. In fact, it was possible for Bihar planters to contain large scale unrest until 1907.<sup>16</sup> By then, indigo dye was being forced out of the world market by the synthetic dye and indigo demand was falling except for a brief pickup during the first World War. The last of the indigo planters in Bihar imposed exorbitant rents, which produced serious discontent. This along with the rising national movement, brought Mahatma Gandhi to Champaran in 1917 to deliver the death blow to this infamous system. But at that stage indigo was dying a natural death, and Gandhi's intervention was only symbolic in an economic sense.

Thus a large scale opposition to British indigo emerged in Bihar about half a century after it had occurred and successfully achieved its results in Bengal. The system in Bihar was probably more burdensome to cultivators when compared to Bengal.<sup>17</sup> Further, the anti-Raj feelings were more prevalent during that period in Bihar as they surfaced in the 1857 uprising. Some of the possible reasons behind the relative calm in Bihar indigo plantations could be as follows:

- 1) In Bihar, British indigo was concentrated only in a few regions. The production of indigo in Bengal was relatively less concentrated. During 1850's, Bengal's production of indigo was about 30 percent more than Bihar's production (see Table I.) Most of the

indigo in Bihar came from only five district whereas 14 districts in Bengal produced significant quantities of indigo. The Tirhut region in Bihar alone produced 30,000 maunds in certain years. In contrast, the output of Jessore, the Bengal district with the largest output, never exceeded 17,000 maunds in any year during the 1850's.<sup>18</sup> Within the limitations of data, one could thus say that the geographical concentration of indigo in Bihar was more than that in Bengal. Following from this, it can be hypothesized that the spatial concentration in Bihar enabled planters to organize support from the administration and landlords more cohesively.

2) Evidence exists that many of the Bihar plantations were on land leased from big landlords. Almost all indigo plantations in Champaran, for example, were on land leased from just two landlords. Also, as late as 1876, permanent lease of 95,970 *bighas*<sup>19</sup> was granted by the Bettiah landlord to British planters for establishing 21 indigo factories.<sup>20</sup> In other words, large landlords participated frequently in the indigo system in Bihar. As the interests of big landlords were more in harmony with the interests of planters—the reason for which we have advanced earlier—there was possibly greater day-to-day landlord support in Bihar. The same is reflected in the fact that the *zeeral* system was more predominant in Bihar than the corresponding *niz* system was in Bengal.<sup>21</sup> This system, as explained earlier, required more landlords' support than any other system. The differences in the extent of collaboration of landlords with planters between Bihar and Bengal can also be seen from the observation that while several Bengal landlords voiced their opposition to the British system, Bihar landlords played less than a passive role.

3) Finally, the events in Bengal were to a certain degree influenced by the Catholic liberal press and Bengal intelligentsia, which were far removed from the Gangetic plains of Bihar.

### *Some Hypotheses*

Before presenting the picture of British indigo that emerges from this paper, we will examine some of the hypotheses advanced. Only the first one of these directly refers to indigo. Others are more general statements on the process of economic change, but it would be worthwhile to relate them to the experience of British indigo in India.

One of the main explanations given for the failure of the British indigo system is that the market information was uncertain and a time lag and discrepancy existed between demand and

supply.<sup>23</sup> It is not unsafe to assert that the information constraints faced by UI producers and traders were no less, and probably much more, than those faced by British planters. The upper Indian systems had faced large fluctuations in indigo prices in much earlier times,<sup>23</sup> and continued to do so during the British period. However, we have no evidence that any breakdown of the system occurred in upper India. Thus, the performance of the British system cannot be attributed to the nature of the market.

Max Weber's formal view that native values acted as impediments to economic growth in India is clearly unsustainable in the case of indigo. A viable system of indigo production existed in upper India which, apart from being based on native values, was fully capable of responding to export needs. Further, this system remained viable despite official discrimination by a system which was based on more western motivations.

### *Alternative Hypothesis*

An alternative hypothesis has been proposed more recently<sup>24</sup> to explain the nature of economic change in India. According to this hypothesis, most investment decisions were made by entrepreneurs within the framework of official policy, local values and social structure. These individuals maximized their pecuniary gains, given the different information advantage each of them had. Loosely stated, a general equilibrium system operated with information and uncertainty differences across groups. This hypothesis however becomes too general to be meaningful if it permits total official control and yet implies a free market. But if that is not the case, then the crucial part of the hypothesis does not hold for indigo. More precisely, while there is no reason to dispute the maximizing behaviour of Indian farmers, now or in the nineteenth century, it would, be unenlightened generosity to say that the constraints imposed on farmers were generated by the market, if a market existed at all. It would be equally wrong to believe that differences in market information resulted in Indians not becoming indigo planters. In fact, not a trace of free enterprise can be found in the British system. "Free trade", "opening up of internal trade", "introduction of expertise and new machinery"<sup>25</sup> by the British in Bengal and Bihar can be considered as pure myths, at least as far as indigo is concerned.

The experience of indigo in India provides an interesting corroboration of the hypothesis proposed by Gunder Frank.<sup>26</sup> The thrust of his hypothesis with some simplification, is as follows: 1) A hierarchy composed of world metropolis, nation metropolis,



provincial and local metropolis, rural hinterland, was imposed in the process of colonization; 2) each higher level developed relative to the lower level and each lower level underdeveloped relative to the higher level (the cumulative burden fell on the peasantry); 3) in the process, the national metropolis acquired traits of development which were neither self-generating nor self-sustaining; and 4) the lower levels of the hierarchy were left to develop their underdevelopment when the metropolis-satellite relationship ceased to exist for various exogenous and endogenous reasons.

It is well known that Bengal and Bihar were the first two provinces where the British influence was consolidated. Very quickly after the British supremacy in Bengal, British commercial interests and administration were extensively visible in rural Bengal and Bihar. Calcutta rapidly expanded and became the hub of industry, trade and commerce. It remained so throughout the British period, and later. In the process, Calcutta acquired all the observable traits of development such as modern institutions, technology, urbanization and education. A large part of industrial capital in India was located in Calcutta and at other industrial locations in Bengal and Bihar. What has been the relative performance of Bengal and Bihar in the post-independence period compared to other states? Not bright, given their resources—so indicate the studies which have examined the relative performance of states in India.<sup>27</sup> These two states have a large proportion of India's natural wealth, and have had a large proportion of industrial and other capital. Yet their performance in general has lagged behind average performance in India. Also, these two states display more striking disparities in their income distribution than the average inequality in India.

### *An Explanation and Concluding Remarks*

We shall explore two sets of reasons for the performance of the British indigo system: 1) the nature of organizations created by the British was entirely unsuitable for indigo and 2) any other kind of organization would not have satisfied the expectations and the mode of operation of the imperial British. The catch contained in these two seems to explain a large part of the failure of the British indigo system as well as the misery it created.

The British system was characterized by economies of scale, vertical integration, financial integration, market intelligence, and financial support from the government. Also, the help from landlords and administration enabled British planters to exercise monopsonist power over the main inputs of production, namely, labour

and land. The very same feature also entailed large fixed investments and recurring overheads, which were sizable.

Indigo on the other hand was a crop with many uncertainties. Weather variability resulted in different yields across years. Indigo plant was more than normally sensitive to the care and timeliness of plant husbandry. Fluctuations in London prices were not determined by the demand and supply conditions and there was a time lag in information between London and Calcutta. But most critically, British plantations were dealing in just one uncertain commodity. Their risks, thus, were strongly concentrated.

On the basis of available information it is reasonable to say that cultivators and traders in upper India did not deal in indigo alone. The small size of establishment and the absence of recurring overheads made it possible for the participants in the UI system to adjust the level of their operations to suit the changing exogenous conditions without incurring losses.

At the same time, the scale of gains that motivated individual UI traders or cultivators was far smaller than what motivated the British. The British were in India to make fortunes commensurate with their status of being the ruling class. It was thus obvious for the British to prefer large organizations, which could only produce large gains, no matter what the cost to the peasantry.

The size and nature of British organizations being inherently unsuitable for a crop like indigo, coercion was employed to maintain profitability. The government sanctioned coercion for several reasons, such as the large resources of each of the British plantations, the ease with which planters' alliances could be formed to counter any policy adverse to them, racial preference, and the dependence of the government on indigo. It was therefore possible for British plantations to seek surplus from excesses on the peasantry rather than from productivity and efficiency. The dynamic impact of coercion was at least three-fold, each necessitating further excesses to maintain profitability.

Firstly, the complete alienation and lack of involvement of the peasantry in a sensitive crop like indigo clearly reduced their productivity. Secondly, the instrument of coercion, namely the para-police maintained by planters and the para-legal support from the administration, itself involved expenditures. Thirdly, the mode of operation of British plantations enabled their employees to seek gains for themselves, and their gains were not coincidental with the gains of the organization. The rampant practice of bribery

and customary payments at all levels of plantation hierarchy is an example of these gains.

Thus, the nature of the British organization contained the mechanics of increasing coercion over time. In the interest of the continuation of the British order, however, the administration could support coercion only to that degree of unfairness, 'peasants' reaction to which could be contained by the law and order machinery. In other words, the empire intervened and removed some tyranny when the level of rural unrest became critical. The system however remained basically unchanged until it met its demise as a result of technological substitution.

The case of British indigo in India seems to be one in which, in the haste and expediency of empire making, an economically unsustainable chain was forged and imposed on the peasantry in Bihar and Bengal. In the process, organizational forms were created with their own dynamics of growth and survival requiring increasing dependence on exploitation and decreasing dependence on fair economic relationships. As a more general comment, we could say that concepts such as "economies of scale", "vertical integration", "financial integration" (which pervade the prevailing economic thought) can acquire a very different meaning if the power relations differ sharply across groups of people. Large organizations, with vastly unequal relationships among different participants, can work precisely against the professed goals of these organizations; such as productivity and efficiency. This phenomenon is not uncommon in most of today's world.

<sup>1</sup> B B Kling, *The Blue Mutiny: The Indigo Disturbances in Bengal 1859-1862*, Philadelphia, University of Pennsylvania Press, 1966, P 17. But whether native indigo suffered from inferior technology or from higher freight charges and wasteful shipping practices of the company has not been examined so far. For some of the inefficiencies of this particular monopoly, see, P J Marshall, *Problems of Empire: Britain and India 1757-1813*, London, Allen and Unwin, 1968, p 88.

<sup>2</sup> Often it is implicitly assumed that the commercial production of indigo was widespread in Bihar and Bengal even in the pre-British times (P J Marshall *East Indian Fortunes: The British in Bengal in the Eighteenth Century*, Oxford, Clarendon Press, 1976, p 153). From both Mughal and British sources however it is clear that the commercial production of indigo was at best marginal in these two provinces prior to the establishment of British plantations. See, Irfan Habib, *The Agrarian System in Mughal India, 1556-1707*, Bombay, Asia Publishing House, 1968, pp 42-43; H K Naqwi, *Urban Centres and Industries in Upper India*, Bombay, Asia Publishing House, 1968, pp 54-59; and B Chowdhury, *Growth of Commercial Agriculture in Bengal 1757-1900*, Vol 1, India Studies: Past and Present, Calcutta, 1964, p 76.

<sup>3</sup> Marshall, *East Indian Fortunes*, *op cit*, p 157.

<sup>4</sup> Habib, *op cit*, p 59.

<sup>5</sup> *Ibid*, p 59.

<sup>6</sup> B Chowdhury, *op cit*, p 83.

- <sup>7</sup> For a vivid account of the extravagance and lavishness of Indigo planters, see, C Grant, *Rural Life in Bengal*, London, W Thaker, 1860.
- <sup>8</sup> *The Report of Indigo Commission*, appointed under Act XI of 1860, British Parliamentary Papers, Vol XLIV, 186p; L S O'Malley, *Champaran*, Bihar and Orissa District Gazetteers, Superintendent, Government Printing, Bihar, Patna, 1938; and B B Kling, *The Blue Mutiny*, *op cit*.
- <sup>9</sup> Two of the numerous *ahbabs* are cited here for illustration: Motarahi Rs 1 per tenant as a compensation for the pride which the tenant must be deriving because their planter owned a carriage or car. 'Phagunahi'-Rs 1 per tenant every year because tenants enjoyed the colourful *Holi* festival which their planter did not participate in. See PC Roy Chaudhury, *Champaran*, Bihar District Gazetteers, Superintendent, Secretariat Press, Bihar, Patna, 1960.
- <sup>10</sup> On the basis of the data contained in the *Report of Indigo Commission*, *op cit*, the average loss to an indigo cultivator was Rs 9 to Rs 11 per bigha if his labour was valued at the prevailing market rate. Also see, Kling, *The Blue Mutiny*, *op cit*.
- <sup>11</sup> N K., Sinha, *The Economic History of Bengal*, Calcutta, Firma K L Mukhopadhyay, 1961, pp. 209-210; and Chowdhury, *op cit*.
- <sup>12</sup> Kling, B B, *Partner in Empire: Dwarkanath Tagore and the Age of Enterprise in India*, University of California Press, 1976, pp. 86-87.
- <sup>13</sup> Kling, *The Blue Mutiny*, *op cit*.
- <sup>14</sup> Habib, *op cit*, pp 129-135, pp 295-297, also some other parts of this book.
- <sup>15</sup> O' Malley, *op cit.*, p 78.
- <sup>16</sup> O' Malley, L S *op cit*.
- <sup>17</sup> Evidence to the Agrarian Committee, mentioned in Roy Chaudhury, P C, *op cit*.
- <sup>18</sup> *The Report of Indigo Commission op cit.*, Appendix 17.
- <sup>19</sup> One *bigha* is about one quarter of a hectare.
- <sup>20</sup> O' Malley, *op cit*.
- <sup>21</sup> Chowdhury, *op cit.*, pp. 125-126.
- <sup>22</sup> Chowdhury, *op cit.*, p. 192; and Kling, *The Blue Mutiny*, *op cit.*, p 19.
- <sup>23</sup> Habib, *op cit.*, pp 86-88.
- <sup>24</sup> See, M D Morris, South Asian Entrepreneurship and the Rashomon Effect, mimeo, for a well articulated statement of this hypothesis.
- <sup>25</sup> See, Marshall, *East Indian Fortunes*, *op cit.*, for a recent statement of this line of thought.
- <sup>26</sup> A G Frank, *On Capitalist Underdevelopment*, Bombay, Oxford University Press, 1975; A G, Frank, "The Development of Underdevelopment", *Monthly Review*, September 1966.
- <sup>27</sup> K N Raj, "Growth and Stagnation in Indian Industrial Development", *Economic and Political Weekly*, Annual Number, February 1976; and T Singh, *India's Development Experience*, Delhi, Macmillan, 1974.

## *Militant Origins of Indian Dance*

INDUSTRIAL society surges ahead reducing the human body to a mechanical appendage. It is almost as if various components in the body are being slowly phased out to be replaced by mechanical gadgets—"the dreamt of metalization of man", as Walter Benjamin quotes Marinetti as having said. Under the capitalist production system, people live at a distance from their own bodies getting no feedback from themselves. This is as much an indication of the alienation of man from himself as from his labour, besides being a direct impediment to praxis. Neutralize their physicality, and the system need have no fear of any potentially revolutionary class. The idea of active, physical intervention gets progressively replaced by passive verbalism.

A brief survey of the material foundations of dance forms of India will give some insights into our present predicament in which the divide between idea and action is continuously widening. All the primary Indian dance forms originating in primitive and tribal societies are solidly linked with work activity. They were intimately related to functions of daily life like food gathering, hunting, fishing, cultivating and harvesting. The early tribal dances were particularly distinguished by their sources in rituals, gymnastics and martial arts. Dancing in these early communities was a means of expression as well as a method of building up energy circuits within the body and sharpening the senses.

We are fortunate in having a material sub-culture in India that simultaneously retains forms of expression spanning several stages of the development of Indian society, providing us evidences of the continuity of a tradition remarkable for its formal purity. In the tribal belt, for example, one still sees forms of dance that are clearly modes of an elaborate attack/defence ritual, which are used primarily for creating in the participants the energy necessary for a confrontation. The regional variations of the martial dances,

for example, are amazing for their grace and for their potential to generate militancy as well. The militancy of dance forms in India which remain popular even today is supplemented by the fact that even the classical dance forms, despite idealizing their content, have not been able to shed the martial and gymnastic poses of the early forms from which they originated.

All tribal/folk dances were forms of collective expression specifically meant for creating a sense of fraternity and were invariably performed prior to a big hunt or a war. The whole intricate pattern of vigorous body movements they displayed was a method of energizing the body and mind for action. In fact, the best dancers in several tribal communities were also their best warriors.

Every region in India seems to have its own variety of dances upholding the militant traditions. Among the Nagas in north-eastern India, there is an elaborate spear dance in which each dancer brandishes a spear above his head and simulates the various movements of attack and defence. The dance starts with leisurely movements and slowly builds up the tempo ending in a climax of swift, breath-taking leaps in the air, all in perfect rhythm and synchronization with drums and cymbals. Similar kinds of dances are common to other communities like the Semas, Changs, Rengmas, Maos, Aos and Konyaks in the area.

In Bengal, the dances of Raibenshes and Dhalis are elaborate series of awe-inspiring physical exercises which are close to the traditions of unarmed combat. Orissa also has several forms of dances that are exceptional for their sheer power and militancy. The important varieties are the Paik, Gotipua and Garudabhan dances, from which the Chau dance originated.

Every part of the country has its own dance forms using swords, shields and sticks which are all indicative of and preparations for combats. The sword and shield dances of Maharashtra, Rajsthan, Goorg and Kerala are well known. Dance forms with sticks are common to Andhra Pradesh, Kerala and Tamil Nadu (Kolattam) and Gujarat and Rajasthan (Daand). Kerala has also specific forms like Pulavarkali and Velvakali utilizing swords, shields or sticks.

The Gonds, Bastar Marias and Bhils of the Madhya Pradesh, Bihar, Andhra and Bengal belt have exciting hunting dances which condition the human body for agility and control. The Irulas of Tamil Nadu also have a robust form of hunting dance called Elelakaṛadi. In the Kumaon region of Uttar Pradesh, the

Chholia martial dances can be traced back to the Khasia warriors. Pairs of dancers with swords and shields make intricate formations covering long distances; they almost act out a mock battle.

It will be seen that there is no dearth for militant traditions among the backward classes, scheduled castes and tribals of India who are the most exploited sections forming the lowest strata of society. Almost all of them still retain their dances and martial art traditions, but only as formal rituals without being able to transform them into real actions to change their condition of life. Progressive movements are guilty of overlooking this highly charged layer of material sub-culture in which militancy is integral to the various cultural forms in India and does not have to come through a verbal/mental process.

In the north, the cradle of these dance forms were the *akhadas* or community gymnasiums, and in south, a variation of these gymnasiums called the *kalari*. Both the *akhada* and the *kalari* propagated a sophisticated, materialist philosophy of individual and collective wellbeing with focus on the human body itself. They promoted the ancient, pre-Hindu concept of body expression, *lasya/tandava* (militancy with grace), which later became a formal category in classical dance. With precise understanding of anatomy and human engineering like breath, stamina, tension, flexion and control, what the *akhada* or *kalari* basically tried to achieve was to harmonize the human body in space, thus bring it closer to itself.

Thus, the verticality of the body was broken to a more compact and relaxing circularity in the *akhada/kalari*. The idea was to infuse the human body not only with the potential for extension and contractions, but also to convert every movement to an energizing exercise. These contractions of the body later got stylized in classical dance as "Bhanga," "Aramandi" and so on. For example, the "Aramandi", a kind of half-squatting which is the basic stance in Bharatanatyam, Odissi, Kathakali and Kuchipudi, is also the basic stance in wrestling (Indian and Japanese), Kalari Payattu, Silambam, Karate, Tai Chi Chuan and Thai boxing. It is abstracted as the *mandala* in classical dance, a continuous making and breaking of squares, circles and triangles to harmonize with the circular stage symbolizing the earth/cosmos.

The dances taught one how to hold the body in order to make it steady like a rock, to make it as light as a feather, to leap, to pivot, to shift, to step forward, to retreat and to balance. Symphonies in duet and collective movements with sticks, swords,

shields and spears developed slowly out of the primitive bare-handed forms.

The practice of these dances was not some esoteric exercise meant for personal satisfaction or for entertaining hordes of spectators. It had specific social applications. In Orissa, for example, the Paik dancers were a particular group of unarmed foot soldiers who went much ahead of the main army to demoralize with their speed and grace the external forces bent upon aggression. In the Pandya period in Tamil Nadu, the Silamban stick dancers/fighters were the unorganized querillas and mass leaders who terrorized the feudal barons to control their rapacity.

### *Militant Functions*

These militant functions of dance are evident even today in different forms of dances, such as Chau, with its roots in Paika, and Kathakali, with its roots in *kalari*.

The word *paika* means infantry. The Paika soldiers were highly trained artistes who were used for facing external aggression. Though extinct today, their battle-dances are still preserved by their descendants in Puri district in Orissa. Each village in the region has a Paika *akhada*, the village gymnasium, where young people assemble in the evening after the day's work. The primary aim of this dance was to develop physical excitement and consequently, courage among the dancing warriors. In ancient times this method was used unconsciously to keep them ready for battle.

Kathakali too had its origin in body conditioning involved in the martial art of Kalari Payattu. All the traditional Kathakali schools were called *kalaris*. Kalari Payattu is one of the most developed and effervescent of attack/defence systems and there is good reason to consider Karate and other south-east Asian martial art systems as offsprings of Kalari. Besides being ritualistic and physical, Kalari, by virtue of its grace and stylization, is a dance form which generates energy in the individual. A student of Kathakali has to undergo rigorous exercises and long process of training to condition his body to acquire perfect flexibility and control.

The social existence of all these dance forms today is precarious. Their direct references to life are more or less truncated. Most folk dances are existing at the mercy of the state. They are promoted and preserved by state organizations to be annually presented as euphoric spectacles of governmental creativity during Republic Day celebrations in New Delhi.



One does not have to be a Marxist to apply Marxian aesthetics to this art form to criticize the situation of folk dances existing in the country. Apart from the obvious dislocation from the processes of life, the classical dance forms also exist as ideological vehicles for a class that thrives on nostalgia and mystification of the real content of history. Though one accepts that there is no mechanical relationship between ideology and cultural forms, it has to be said here that art, like religion, has a strong reactionary potential and this has been used as such very consciously even today.

The theory that we finally need to work towards is how to generate the creativity, self-expression, dignity and militancy of the people. Marxist aesthetic theory posits itself against the basic formations of capitalist society like alienation, objectification, commodification and so on, which are all variations of the dehumanization of the essential man under capitalism. The problem arises when this is sought to be applied to traditional cultures which had already evolved sophisticated philosophies and theories of art and society long before European western societies pulled out of their Dark Ages. It becomes further complex when we realize that almost all the significant human concepts in traditional cultures trace their origins historically to a time which Marx would call "primitive communism", when man was supposedly closer to nature, to himself and to his fellowmen. This has important implications, for in their aesthetic manifestations one comes face to face with remarkably materialistic concepts predating Marx by centuries.

The Indian system of aesthetics, for example, is formulated upon the centrality of man. Concepts like the *pancha mahabuta* maintained the primacy of the human body in all cultural configurations. The module for every objective projection was man himself. For example, all measurements were direct references to the human body and senses. This location of the human body in the environment was revealed abstractly in the concept of the *mandala*. The *mandala* was a dynamic consonance between the cosmos, the community and the individual. The subject/object dialectics conceptualized in the *mandala* invaded the farthest reaches of material life to find expression to it as the basic conceptual model for every conceivable form of objects and daily activity.

Further, the Indian concept of aesthetics negates inherently the formal and esoteric categories like "beauty", "style" and so

on and goes straight to the sensual content. The *rasa* concept of Indian aesthetics has three primary associations of meaning:

- 1) As the object of perception by the sense of taste—*rasana* (emphasizing sensual relationship to arts).
- 2) As the essence of everything or any being—the earth is known as *rasa* as it holds the essence of life for all creatures (materialism).
- 3) As liquid or dynamic as opposed to solid or static (the inherent demand for movement, change, praxis).

These are live concepts in our culture still capable of activating the people. The tragedy is that progressive movements have failed to go to our own sources of culture to tap all those areas charged with energy and harness them to build up vitality in people which, obviously, is important for changing conditions in life like any other revolutionary theory. This becomes all the more important when we see that cultural levels, at times, have the possibility of being far ahead of political levels and thus have the potential for initiating social change.

But, of course, we suffer as much today from conceptual poverty as from economic poverty and it becomes a task for us to formulate a theory of revolution that integrates all these levels.

CHANDRALEKHA

*(This paper was presented at the seminar on Marxism and Aesthetics, held at Kasauli)*

## *Marxist Position in Aesthetics of Architecture*

THERE is no absolute life of man and similarly there is no "absolute architecture" of man. Man exists in reality, divided into nationalities, classes and castes. Sometimes these distinctions overlap and are often complex and continuously evolving. Architecture thus becomes a setting, created by man to deal with nature. This setting evolves itself with the vicissitudes of life of human beings. Thus architecture becomes inseparable from human societies.

One of the great Renaissance architects, Alberti, who was known as a "Complete Man"—musician, painter, mathematician, scientist, athlete and an architect—said, that between mathematics and architecture there was an aesthetic relation. In contemplating on the relations between various numbers and the relations between architectural parts we derive a similar satisfaction and a similar sense of intrinsic order of things. Architecture reflects the desires and responses characteristic of human beings. It evokes feelings which may be described as brutal, polite, dehumanizing, wondrous, welcoming or forbidding. It has a scale—human, superhuman or subhuman. It has elements of surprise, joy, gaiety, frolic, discipline, military expediency and so on. Architecture thus dictates to us a quality of experience. Architects anticipate this quality of experience. Therefore, Alberti recommended architecture as the study of what is "just and appropriate". But what is "just and appropriate"? Man's search for aesthetics was a long process spread over centuries of human culture. By definition aesthetics is a science that deals with the laws of beauty. For centuries, starting from the early Egyptian civilization to the present, a search for aesthetics in human environment has occupied the minds of the environmental artists and scientists. Many theories have developed on this subject.

In the early days, men such as Vitruvius attempted to define the laws of proportion in environmental artifacts, namely,

buildings. Such attempts were centred around experiments and actual construction rather than in evolving logical and well defined hypotheses. Thus there emerged, in the early ages, the grand Egyptian pyramids, the magnificent temples, the hanging gardens of Babylon, the Athenian Acropolis, the Ziggurats and the well defined street patterns of Mohen-jo-daro and Harappa.

As centuries advanced, the attempts to define environmental aesthetics continued with varying degrees of success. Such attempts, reached their climax when industrialization came about with a big bang. A survey of the history of architecture covering more than 5000 years from the Egyptian temples and pyramids to the 19th century, reveals a tremendous variety the existence of which was as yet unexplained. This variety had in it the form, colour, texture, material structure composition and so on that existed in the manifestation of the living organisms and plant life. Marx provided an answer to this: The ideas of the ruling class are in every epoch the ruling ideas, i. e., the class which is the ruling *material* force of society is at the same time its ruling *intellectual* force. The class which has the means of material production at its disposal, consequently also controls the means of mental production, so that the ideas of those who lack the means of mental production are on the whole subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relations. the dominant material relations grasped as ideas; hence of the relations which make one class the ruling one, therefore, the ideas of its dominance. The individuals composing the ruling class possess among other things consciousness, and therefore think. Insofar, therefore, as they rule as a class and determine the extent and compass of an historical epoch, it is self-evident that they do this in its whole range, hence among other things rule also as thinkers, as producers of ideas, and regulate the production and distribution of the ideas of their age: thus their ideas are the ruling ideas of the epoch. For instance, in an age and in a country where royal power, aristocracy and bourgeoisie are contending for domination and where, therefore, domination is shared, the doctrine of the separation of powers proves to be the dominant idea and is expressed as an is expressed as an "eternal law".<sup>1</sup>

"If now in considering the course of history we detach the ideas of the ruling class from the ruling class itself and attribute to them an independent existence, if we confine ourselves to saying that these or those ideas were dominant at a given time, without bothering ourselves about the conditions of production and the producers of these ideas, if we thus ignore the individuals and

world conditions which are the source of ideas, then we can say, for instance, that during the time the aristocracy was dominant, the concepts honour, loyalty etc., were dominant, during the dominance of the bourgeoisie the concepts freedom, equality, etc. The ruling class itself on the whole imagines this to be so. This conception of history, which is common to all historians, particularly since the eighteenth century, will necessarily come up against... the phenomenon that ever more abstract ideas hold sway, i. e., ideas which increasingly take on the form of universality. For each new class which puts itself in the place of one ruling before it is compelled, merely in order to carry through its aim, to present its interest as the common interest of all the members of society, that is, expressed in ideal form: it has to give its ideas the form of universality, and present them as the only rational, universally valid ones."<sup>2</sup> The class making a revolution comes forward from the very start, not as a class but as the representative of the whole of society, as the whole mass of society confronting the one ruling class. It can do this because initially its interest really is as yet mostly connected with the common interest of all other non-ruling classes because under the pressure of hitherto existing conditions its interest has not yet been able to develop as the particular interest of a particular class. Its victory, therefore, benefits also many individuals of other classes which are not winning a dominant position, but only insofar as it now enables these individuals to raise themselves into the ruling class. When the French bourgeoisie overthrew the rule of the aristocracy, it thereby made it possible for many proletarians to raise themselves above the proletariat, but only insofar as they became bourgeois. Every new class, therefore, achieves domination only on a broader basis than that of the class ruling previously; on the other hand the opposition of the non-ruling class to the new ruling class then develops all the more sharply and profoundly. Both these things determine the fact that the struggle to be waged against this new ruling class, in its turn, has as its aim a more decisive and more radical negation of the previous conditions of society than all previous classes which sought to rule could live.

This whole appearance, that the rule of a certain class is only the rule of certain ideas, comes to a natural end, of course, as soon as class rule in general ceases to be the form in which society is organized, that is to say, as soon as it is no longer necessary to represent a particular interest as general or the "general interest" as ruling.<sup>3</sup>

Side by side with the glories of Egyptian tombs, the

marvels of Roman palaces, Greek villas and Hindu temples, existed the slums of the slaves and the scum of these societies and who were the oppressed classes. As in the history of human societies existed the oppressors and the oppressed, the Patricians and Plebeians, the aristocrats and the slaves, the guild masters and the journeymen so in the human environment existed the elegant and the ugly, the magnificent and the lovely, the awe-inspiring and the petty. The history of human environmental artifacts is the history of the class struggles in human societies. Many early architectural constructions were castles, great walls, moats and drawbridges, fortifications in order to exclude and oppress the opponents. With industrialization emerged the industrial proletariat, and with the emergence of the proletariat, started the proletarian environmental conditions. Engels pointed out this problem like this:

"The so-called housing shortage, which plays such a great role in the press nowadays, does not consist in the fact that the working class generally lives in bad, overcrowded and unhealthy dwellings. *This* shortage is not something peculiar to the present; it is not even one of the suffering peculiar to the modern proletariat in contradistinction to all earlier oppressed classes. On the contrary, all oppressed classes in all periods suffered rather uniformly from it. In order to put an end to *this* housing shortage there is only *one* means: to abolish altogether the exploitation and oppression of the working class by the ruling class. What is meant today by housing shortage is the peculiar intensification of the bad housing conditions of the workers as a result of the sudden rush of population to the big cities; a colossal increase in rents, still greater congestion in the separate houses, and, for some, the impossibility of finding a place to live in at all. And *this* housing shortage gets talked of so much only because it is not confined to the working class but has affected the petty bourgeoisie as well."<sup>4</sup>

The history of industrialization is a history of revolutions, a history of the victory of the bourgeoisie over the aristocracy and the landed gentry. It is a history of developing imperialism side by side with the development of the industrial proletariat and oppressed nations, their struggle against the rising bourgeoisie, the victories of colonized countries against imperialist domination and so on.

The history of human environment during this period shows all the stresses and strains of the battles fought, the defeats suffered and the victories won by the various contending classes and

the artists and the scientists representing them. During this period Marxism has been the battle-cry of the oppressed classes all over the world. Its aim was to achieve a communist society; its objectives were to liberate man, and to achieve true freedom in order to glorify the essential human being, and his ability to master both nature and himself.

### *Modern Theory of Town Planning*

There were also a number of contending ideologies opposed to Marxism. Robert Owen (1799) emphasized the need to relieve the conditions of the labouring poor by concessions. James Buckingham (1825) suggested that the stunted growth and the degradation of the people were the results of architectural and municipal defects. Fourier (1829) talked about the harmony between the interests of the rich and the poor based on mutual associations that will benefit all. Godin (1870) wanted smaller cities and multiple buildings and the rest as open parks. Camillo Sitte (1880) emphasized informal town planning, proper correlation of buildings, and their heights and masses, and large public open spaces organically woven into the city fabric. Soria Mata (1882), inspired by the countryside as he was, proclaimed linear cities that would engulf countryside and spread along traffic arteries. Patric Geddes (1892) wanted organic planning of both city and society and wanted to treat cities as if they were disease ridden human bodies—he was basically a doctor. He propounded conservative surgery. His other contribution was the idea of regional planning.

Ebnezer Howard (1898) was the architect of garden cities, small self-sufficient communities engulfed by green belts of agriculture. Tony Garnier (1904) was a man of the drawing board and made several sketches of his future city and how he wanted it to look—he gave birth to many technological innovations in the science of building. He propounded zoning in land use, thus became the proponent of land speculation and transportation bottlenecks in time to come. Last but not the least, Le Corbusier (1922) wanted order, efficiency and mechanization along with great buildings of poetic beauty.

All these ideas and several more contributed to what is regarded as modern theory of town planning and architecture. There was an essential fallacy in all these. These theorists treated the symptoms of the disease, not the disease itself. They found that there was something wrong with architecture, town and city planning, whereas the actual problem concerned with the entire

society as such. They thought that the problems could be solved by improving on architecture, with a differently functioning setting, while the basic social setup went unchanged.

Marxism stood ahead of them for it was based on a historical understanding of human societies, a scientific understanding of human conflicts and philosophical insights into human condition with respect to the material world and the social world.

Marxism pointed out the actors and the director as apart from the "setting" of the impending bourgeois drama. Marx and Engels pointed out:

a) "The modern bourgeois society that has sprouted from the ruins of feudal society has not done away with class antagonisms. It has but established new classes, new conditions of oppressions, new forms of struggle in place of the old ones."

b) "It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, Gothic cathedrals; it has conducted expeditions that put in the shade all former exoduses of nations and the crusades."

c) "The bourgeoisie cannot exist without constantly revolutionizing the instruments of production and thereby the relations of production, and with them the whole relations of society. *Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch.*"

d) "The bourgeoisie has, through its exploitation of the world market, given cosmopolitan character to production and consumption in every country. To the great chagrin of Reactionists it has drawn from under the feet of industry the national ground on which it stood."

e) "The bourgeoisie has subjected the country to the rule of towns. It has created enormous cities, has greatly increased the urban population as compared to the rural and has thus rescued a considerable part of the population from the idiocy of rural life. Just as it has made the country dependent on towns, so it has made barbarian and semi-barbarian countries dependent on the civilized ones, nations of peasants on nations of bourgeoisie, the East on the West."<sup>6</sup>

About the living conditions of [the various classes existing in the bourgeois world, Marx and Engels said:

A) "The bourgeoisie has stripped of its halo every occupation hitherto honoured and looked up to with reverent awe. It



has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage labourers."

B) "Owing to the extensive use of machinery and the division of labour, the work of the proletariat has lost all individual character, and consequently all charm for the workman. He becomes an appendage of the machine, and it is only the most simple, most monotonous and most easily acquired knack that is required of him."

C) "Modern industry has converted the little workshop of the patriarchal master into the great factory of the industrial capitalist. Masses of labourers crowded into the factory are organised like soldiers. As privates of the industrial army they are placed under the command of a perfect hierarchy of the officers and sergeants. Not only are they slaves of the bourgeois state, they are daily and hourly enslaved by the machine, by the onlooker, and above all, by the individual bourgeois manufacturer himself."<sup>6</sup>

### *The Indian Reality*

Do these descriptions not fit into the Indian reality and "setting", the architecture of the people of India today? About 60 percent of more than 600 million people occupying the land called India today lives below the poverty line. In the cities and towns of India, which embrace more than 20 percent of the population, the mode of life is governed by bourgeois values and a state apparatus run by the bourgeoisie. Here 80 percent of effective residential area is occupied by 20 percent of the population while the rest 80 percent infest themselves in 20 percent slum area, with densities as high as 15000 persons per square mile; many live without a shelter on footpaths and railway platforms. About 40 percent of the total national income is produced in such cities and towns, and 60 percent of this is owned by the bourgeoisie who constitute a tiny minority.

In the rural areas, the picture is one of desolation. The few houses that exist are owned by traditional landlords, moneylenders and shopkeepers. There it is a picture of small mud-houses and starving children. These villages are often without wells to drink water, not to speak of tapped water and modern methods of sanitation. Most of the time, the poor villagers ultimately migrate to urban areas in thousands with the advent of floods or droughts which recur alternatively every few years.

In one single sentence, the "setting", architecture of Indian life today, is one sorrowful, long tale of *devastation* spread over a

couple of centuries at least, caused by the advance of imperialism and all its ethos at first and later being completed by domestic semi-feudal bourgeois rule.

The only relieving architectural spots spread over the entire country today are the ruins of the bygone ages, of the great Maurya period, of the so-called golden era of the Gupta dynasty, of the Cholas, of the Mughals and so on. The ruins, apart from being great experiments in formalistic aesthetics and technology, often remind us of the undemocratic character of these regimes and the pyramidal existence of these societies. Their achievements were great in their times; today they can be of no excuse for the present wretchedness.

And the present wretchedness has come about in India in spite of the past glory, in spite of the great formalistic aesthetic heritage and in spite of over 60 years of existence of "modern" architects and town planners trained in the best institutions of the imperialist West and their counterparts within the country.

In his treatise on architecture, Alberti wrote, "Architectural beauty is the harmony and concord of all the parts achieved in such a manner that nothing could be added or taken away, or altered except for the worse." How far indeed we are from this concept of architecture! Today everything may be taken away or demolished and we miss nothing. This then is the character of the present semi-feudal bourgeois setting in which we live.

How does Marxism envisage changes in this world?

"Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a really revolutionary class. The other classes decay and finally disappear in the face of modern industry; the proletariat is its special and essential product.

"All previous historical movements were movements of minorities, or in the interest of minorities. The proletarian movement is self-conscious, independent movement of the immense majority, in the interest of the immense majority. The proletariat, the lowest stratum of our present society cannot stir, cannot raise itself up without the whole superincumbent strata of official society being sprung into the air."

With the springing into the air of the whole superincumbent strata of official society, will the *setting of such strata*, the architecture of the bourgeois world, also be flung into the air? And what kind of setting shall the new society prefer to have? Marx tells us, "The distinguishing feature of communism is the abolition of bourgeois property. In communist society, accumulated labour

is but a means to widen, to enrich, to promote the existence of the labourer."

Thus from the Marxist point of view, aesthetics in architecture would consist of promotion, widening, enriching and ennobling the existence of the labourer, the very opposite of which is happening today.

The Marxist point of view does not seem to deny the architecture of early ages, beauty and character in formal sense. What it does find unaesthetic about the architecture of early ages is its spiritual essence. Above all, Marxism typifies what is "just and appropriate" in a spiritual sense. For Marxism, "just and appropriate" is what is in the interest of the "essential human being" as typified by the majority of the people. All attempts to sabotage the interests of the majority in the name of art, to take satisfaction in formal visual imagery at the expense of conscious, progressive content are "inappropriate" to say the least. Therefore in the Indian reality, the search for aesthetics in architecture would be in attempts that tend to create "better life" for the majority of the hitherto oppressed people.

This of course cannot happen in one day. The first step would be that the oppressed raise themselves to the position of the ruling class, in order that the society's material resources are utilized in the best interest of the oppressed. Further steps would depend upon the condition of the proletariat when it comes to power. Then step by step, as economy permits, the following may occur.

- a) Ensuring drinking water supply to all.
- b) Ensuring sanitation to all localities.
- c) Abolition of bourgeois housing and ensuring shelter, housing, for all.
- d) Improving means of transportation with state ownership of all transportation.
- e) Creating better working conditions in factories, fields and offices, in that order.
- f) Creating public spaces for socio-cultural and political activities of the majority.
- g) Ensuring facilities for sports, healthy physical life to all.
- h) Creating free educational facilities for all children and so on.
- i) Combination of agriculture and manufacturing industries, gradual abolition of the distinction between town and coun-

try by a more equitable distribution of the population over the country.

j) Creating "Commune-Architecture" for agricultural, industrial, educational communes as the whole society turns into a single office and a single factory, and a single field, with equality of labour and pay in the initial phase of communism.

To begin with, this may happen with a strong centralized government directing these activities and guiding them.

However when class distinctions disappear in course of development spread over many years and all production is concentrated in the vast association of the whole nation, the public power will lose its political character. In place of the old bourgeois society, we shall have an association in which the free development of each is the condition for the free development of all. In such a situation, architectural aesthetics, having achieved its spiritual nobility, will once again concentrate on building magnificent forms for the celebration of this stage and to create an appropriate setting for the New Man and his enriched life. The battle for architectural aesthetics will take on new dimensions.

DEEPAK M KAMBUJ

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<sup>1</sup> Marx and Engels, "Feuerbach, Opposition of the Materialist and Idealist Outlooks", *The German Ideology*, Moscow, Progress Publishers, 1976, p 67.

<sup>2</sup> *Ibid*, p 68.

<sup>3</sup> *Ibid*, p 69.

<sup>4</sup> Engels, "The Housing Question."

<sup>5</sup> Marx-Engels, "Manifesto of the Communist Party", *Selected Works*. Emphasis added.

<sup>6</sup> *Ibid*.

<sup>7</sup> *Ibid*.

## *The Special Bearer Bonds Scheme*

FOR the purpose of this note, illegitimate<sup>1</sup> assets are defined as all assets that are held outside the revenue earning structure of the government. Illegitimate money is the most liquid form of these assets. This relates mainly to that part of illegitimate money and other assets that is held with a "transactions" motive, that is, that part which is held, at any given point of time, in order to enter into transactions that result in tangible gains. This note by and large ignores that part of illegitimate assets in any form that is held for use only at a time of pressing need. It is recognized that illegitimate money by its nature is limited in its use insofar as it is difficult—assuming a reasonably efficient tax machinery—to use it for undertaking investment in productive assets. This has led, over a period of time, to the emergence and growth of a "parallel" economy within which illegitimate assets enter into transactions, generally of a speculative nature. Goods and money are perpetually engaged in the process of movement from legitimate to illegitimate status. Thus although the "legitimate" and "parallel" economies are distinct entities, they are neither totally isolated nor totally insulated from one another.

The existence of the parallel economy presents three distinct problems to the system as a whole, the magnitude of each of which increases in proportion to the weight of illegitimate transactions in total transactions. First, by definition, the presence of illegitimate money represents a certain revenue forgone by the government, and as such represents a potential loss to the exchequer. In the same context, the continuation and proliferation of transactions of an illegitimate nature deliberately seek to flout the law. Second, since most transactions in the parallel economy are speculative in nature, the operations of the parallel economy tend to push prices upward over time, with the corresponding ill effects upon the economy. If the parallel economy is large enough and

concentrated enough, it can have the effect of disrupting production by the creation of artificial scarcities in essential inputs, and can create problems of political and social instability by doing the same to items of consumption. Third, since illegitimate money is inhibited in its use for productive investment, it represents a certain potential loss to expanding the production base of the economy. Thus, while fairly large accumulation through operations in the parallel economy may take place, these cannot be converted into industrial capital, or at least not easily, thereby affecting adversely the long term possibilities and future trends in the economy.

The preamble to the recent ordinance on special bearer bonds has a direct reference to the third aspect of the problem noted above, and does reflect an awareness of the other two on the part of the government: "Whereas for effective economic and social planning it is *necessary to canalise for productive purposes* black money which has become a serious threat to the national economy..."<sup>2</sup>

It is the purpose of this note to argue that the special bearer bonds scheme, as it stands, is not likely to be of much use in effectively tackling any of the three problems mentioned above. The argument is conducted first by examining the salient features of the scheme as it stands, and then estimating the possible behaviour of potential bond holders (issue of bonds had not started while writing this, and the response of various interested parties, as reported in the newspapers, has also been somewhat mixed). The second part of the exercise has necessarily to be speculative in nature, and as such rests on more than one assumption.

### *Some Features of the Scheme*

Under the scheme, any person holding illegitimate money can purchase the bonds. If he holds illegitimate assets other than money, he can buy bonds only after entering into illegal transactions to convert the assets into the money form. The bonds are available in units with a face value of Rs 10,000 each, and are redeemable in 1991; they will then have a redemption value of Rs 12,000. The bond is a bearer bond, and will therefore not carry on it the name of the original purchaser. In order to protect the identity of the holder of the bond, the ordinance declares that "notwithstanding anything contained in any other law for the time being in force"<sup>3</sup> no person who has purchased *or otherwise acquired* the special bearer bond shall be "required to disclose, for any purpose whatsoever, the nature and source of acquisition of

such bonds".<sup>4</sup> Further, "no inquiry or investigation shall be commenced against any person under any such law on the ground that such person has subscribed to *or otherwise acquired* Special Bearer Bonds."<sup>5</sup> Finally, "the fact that such a person has subscribed to *or has otherwise acquired* Special Bearer Bonds shall not be taken into account and shall be inadmissible as evidence in any proceedings relating to any offence or the imposition of any penalty under such law".<sup>6</sup>

### *Immunity*

In other words, any person found in possession of the special bearer bonds is immune, to the extent that his undisclosed assets are in the form of such bonds, to any further investigation by the tax enforcement agencies. This exemption is valid as long as bonds are alive, that is, until 1991. After this period, when the bonds are redeemed, it will not be possible for the beneficiary, in ordinary circumstances, to avoid disclosing the redeemed value of assets for purposes of assessment. This immunity will not, of course, be available to an individual who holds undisclosed assets in a non-bond form. During the ten year period of its life, the special bearer bonds will not be taken into account for computing the capital assets of an individual, nor will they be included in the assessment of total assets for purposes of wealth tax.<sup>7</sup> When transferred from one individual to another, the special bearer bonds will be exempt from gift tax.<sup>8</sup> They will therefore be a part of the revenue earning structure of the government, fitting into the category of exempted items. Further, by way of incentive, the premium earned upon the redemption of the bonds will be exempt from income tax.<sup>9</sup>

Sections 3 (2) and 4 of the ordinance spells out the safeguards that the government has taken against possible misuse of the scheme. First, there is no exemption from certain sections of the Indian Penal Code, namely, Chapters V and VII, nor from the Prevention of Corruption Act, 1947. Second, it will not be possible for an individual, once he is charged with the possession of illegitimate assets, to avoid action being taken against him by converting such discovered assets into bonds. Third, no individual who has assets disclosed to the tax authorities can seek to avoid tax by converting these into bonds.

Given these, the main features, it is possible to deduct the expectations of the government from the scheme. It is obviously expected that a significant part of the present stock of illegitimate money will be drawn out into the open in the form of bonds.

Once in the open, there will no longer exist any barriers to making use of the funds the bonds represent to undertake productive investment. This explains the various concessions—adding up to anonymity—that have been offered, and also explains the fairly low rate of return that is offered on the bond itself: 1.84 percent per annum (compound). This could be considered a reasonable rate if it were offered as an incentive over and above the returns that would be obtained by using the bonds to finance productive investment. Such financing would be made easy by the executive order whereby the commercial banks have been authorized to issue loans against the bonds.<sup>10</sup> Further, if the scheme works as expected, it will have the effect of withdrawing a portion of the stock of illegitimate money from speculative, illegitimate transactions. There will thus be a two-fold effect if the government's expectations are fulfilled—a reduction in the upward pressures on prices originating from speculative operations, and the release of accumulated funds for expanding the production base of the economy. However, none of these is likely to be achieved in practice, as we shall see later. On the contrary, the very opposite could well occur.

### *The Possible Impact*

Sufficient information is not available about the quantum of illegitimate money that holders are willing to make available for conversion into productive assets. It is, of course, possible that at least a significant stock of such money exists. However, it is our contention that not all of the illegitimate money offered for conversion into bonds will come from those who are eager to move into productive investment. If the threat of punitive action against holders of undisclosed assets, following the closing of the bonds issue, is made sufficiently early, that threat alone should be sufficient to ensure that a major part of the illegitimate money that is "mopped up" will come from those who would continue to have a preference for carrying on in speculative transactions in the parallel economy. A subscriber to the bonds has before him three options: i) to hold on to the bonds for the entire ten year period, thus enabling him to convert all or most of his stock of illegitimate money into legitimate money with a ten year tax exemption in the bargain; ii) he can make use of his bond holdings to make productive investments either through a bank loan, or through direct exchange of the bonds for productive assets; iii) he can try to dispose of the bonds and convert them once again into illegitimate money. If, as has been presumed above, the bulk of those subscribing to the bonds would prefer to continue in speculative opera-



tions, it is the third option that such individuals are likely to take. In taking this option, they are likely to have certain distinct advantages.

The bonds do not constitute legal tender, and as such, there is no compulsion that they should be accepted in an exchange. However, the bonds do offer virtually absolute immunity to the holder from action by the tax authorities. This one quality of the bonds is likely to create a certain demand for them among holders of illegitimate assets. As long as subscription is open, the demand can be met directly by the government. However once the closing date is over, the demand can be met only through transfer. As long as such demand exists, which is very likely if not all the illegitimate assets in existence are converted into cash and thence into bonds, there should be no problem whatsoever in disposing of the bonds in the process of illegitimate transactions. Of course, the fact that the bonds are available only in the denomination of Rs 10,000 is likely to confine their use to fairly large transactions, but will not preclude such transfers from occurring. It is thus quite conceivable that holders of the bonds will be able to continue the same transactions that they might have undertaken with their stocks of illegitimate money, using the bonds instead of currency notes.

Moreover, on the assumption that a certain amount of insecurity against discovery always exists among holders of illegitimate assets, it is reasonable to expect that the bonds will carry a premium above their face value when used in illegitimate transactions.<sup>11</sup> Such a premium will cover the "risk insurance" lost by the seller of the bond on the one hand, and the "risk insurance" gained by the purchaser. The exact level of this premium will depend principally upon three factors: the volume of bonds in circulation; the immediacy of tax raid and of discovery, and the possibility of passing on the bond before the redemption date. As such, it is to be expected that the bonds will command a premium that is subject to a certain amount of variation but declining in the long run, finally going out of circulation as the closing date nears. The exact date when bonds will finally stop being in demand will itself depend upon the average period of turnover of a stock of money in illegitimate transactions, assuming that speculators would prefer not to hold disclosed assets in 1991.

Outside of such transactions, however, it is hardly likely that the bonds will have much of a demand. In legitimate exchange where the transactions enter the accounts, there is nothing to be gained from acquiring bonds. Section 4 (a) of the ordinance

ensures that even the tax rebate cannot be availed of.<sup>12</sup> On the contrary, if any sort of social stigma is attached to those known to be in possession of bonds, there is no reason to believe that the bonds will even be accepted at their face value where legitimate transactions are concerned.

It is thus very likely that the bonds will circulate fairly freely in illegitimate transactions and there alone, even though they will not at any stage lose their own status of legitimacy. Inasmuch as a premium exists on the bonds when they are used in such transactions, the implication will be that *additional* and not less funds will be put into circulation in the parallel economy.

*Parallel Economy Problems may Aggravate*

There are additional reasons to expect that the assets represented by the bonds will go into transactions in the parallel economy rather than into productive investment. First, the individuals who subscribe to the bonds in the first place are likely to be mostly those who have already made their money in operations in the parallel economy. Second, it is common knowledge that the forces underlying the growth of the parallel economy have been precisely the possibilities of much better and quicker returns on "investment"; this situation is not likely to be changed by the introduction of the special bearer bonds. Third, with the decreased supply of cash in the parallel economy, once a significant part of the money has been converted into bonds, there is no reason why the forces of demand should not ensure that the bonds themselves fill the supply gap.

It is quite conceivable, finally, that apart from the fear of impending tax raids, it will be the recognition of quick returns by the sale of the bonds after the closing of the issue that will impel a larger subscription to the bonds. If this should be true, then the success of the scheme as measured by the total value of subscriptions will only reflect an increased capacity to enter speculative operations and the corresponding increase in the problems created by the parallel economy.

It is, of course, conceivable that some part of the bonds subscribed to will be held by the original subscribers and that some part of it will be used for securing loans for undertaking productive investment. However, given the arguments presented above, it is not likely that these will constitute the major, or even a significant, part of the total value of bonds issued.

In the rather unlikely event of the bonds selling everywhere below face value, an unexpected result is likely to occur in the form

of legitimate money being converted into illegitimate money and thence into bonds. In order to illustrate this possibility, we have compared the returns, at various rates of interest and marginal rates of income tax, on Rs 10,000 earned in 1980-81 which has been declared and taxed and the net income has been invested, with the same sum of Rs 10,000 earned in 1980-81 which has not been declared but has been used to purchase a bearer bond. It is assumed that the interest income on the declared sum is also assessed in each appropriate year. Assumptions have also been made that the individual concerned remains in the same tax bracket and that neither the tax structure nor the rate of interest is altered over the entire period. The results are shown in Table 1. Column (3) shows the cumulative income over the entire period of the "legitimate" sum of money, and column (4) shows the return on the bond upon redemption in 1991. Columns (5) and (6) show the present values<sup>13</sup> of the two income flows after discounting at the same rate of interest used in computing the cumulative incomes. It is interesting to note that at each rate of interest, the nominal cash flow from the bonds is greater than that from legitimate investment for individuals in the upper tax brackets. The discounted cash flows, however, show that in no case is the bond more remunerative, as is clear from column (7). However, it is evident that in the event of the bond being available at a price below face value, "investment" in bonds will be more remunerative. At lower rates of interest, bond prices that are only slightly below the face value will be sufficient to start the flow of legitimate money into illegitimate forms and thereby into bonds, while at higher rates of interest the price difference will have to be correspondingly larger. Thus, if bond prices fall below par, a certain amount of fresh demand for them is likely to be generated, eventually pushing prices upward. In a similar fashion, as the redemption date approaches, the discounted value on redemption of bonds will rise leading to such demand even when the bonds sell at a premium. For example, the return on Rs 10,000 assessed and invested in April 1988 will yield a discounted income, over the three year period, Rs 4,282.64 with the interest rate at 10 percent and the marginal rate of tax at 60 percent, while the bond purchased in the same period will yield an income whose discounted value will be higher at Rs 4,958.68. The net result could be that as the demand for bonds in illegitimate transactions falls, as noted a few paragraphs earlier, the price will nevertheless be sustained above par by the fresh entry of money converted into illegitimate status in order to avoid income tax. The bonds would thus be in constant demand

TABLE I

COMPARATIVE RETURNS ON RS 10,000 "LEGITIMATE" INCOME IN 1980-81 THAT  
IS INVESTED AND RS 10,000 CONVERTED INTO SPECIAL BEARER BONDS  
REDEEMABLE IN 1991 AT DIFFERENT RATES OF INTEREST AND  
MARGINAL RATES OF TAXATION

Rate of interest (percent)	Marginal rate of tax (percent)	Columns (3) to (7) in Rs				
		Nominal income 1981-1991		Present values		
		Cumulative taxed income	Return on bond	[i as in Col (1)] Of Column (3)	Of Column (4)	Column (5) less Column (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6	30	10562.71	9000.00	9570.96	5025.55	4545.41
	40	8545.72	8000.00	7842.17	4467.16	3375.01
	50	6719.58	7000.00	6247.82	3908.76	2339.06
	60	5070.60	6000.00	4779.00	3350.37	1428.70
	70	3585.91	5000.00	3427.56	2791.97	635.59
8	30	12070.83	9000.00	10287.36	4168.74	6118.62
	40	9588.80	8000.00	8337.80	3705.55	4632.25
	50	7401.22	7000.00	6571.80	3242.35	3329.45
	60	5480.96	6000.00	4974.17	2779.16	2195.01
	70	3802.95	5000.00	3530.78	2315.97	1214.82
10	30	13770.06	9000.00	10945.77	3469.89	7475.88
	40	10745.09	8000.00	8785.96	3084.35	5701.61
	50	8144.47	7000.00	6859.95	2698.80	4161.15
	60	5920.98	6000.00	5144.80	2313.26	2831.54
	70	4031.75	5000.00	3619.54	1927.72	1691.82
12	30	15681.62	9000.00	11552.19	2897.76	8654.43
	40	12025.39	8000.00	9192.22	2575.79	6616.43
	50	8954.24	7000.00	7116.97	2253.81	4863.16
	60	6392.53	6000.00	5294.52	1931.84	3362.68
	70	4272.86	5000.00	3696.11	1609.87	2086.24
15	30	18998.57	9000.00	12375.61	2224.66	10150.98
	40	14201.18	8000.00	9733.42	1977.48	7755.94
	50	10305.16	7000.00	7452.72	1730.29	5722.43
	60	7163.39	6000.00	5486.21	1483.11	4003.10
	70	4658.91	5000.00	3792.17	1235.92	2556.24

NOTE: The computation is based on the following assumptions:

- 1) Interest rates and marginal rates of taxation remain constant over the entire period.
- 2) The individual concerned remains in the same tax bracket over the entire period.
- 3) Tax is levied at the same time that income is earned.
- 4) "Legitimate" income does not change status at any time in the entire period.
- 5) The bond is redeemed by the original subscriber and is not traded or otherwise parted with.

throughout the period, and would be eventually redeemed by those who were not among the initial subscribers but were fresh entrants into the bond market which will be sustained entirely by illegitimate money.

Taken by itself, therefore, the ordinance on special bearer bonds is not only unlikely to slow down the growth of the parallel economy, but quite likely it will actually foster its growth. The only possibility that exists is for the government to follow up with other actions. At least one such action has already been suggested in the daily press by the orchestrated calls of various economists and representatives of industry—named and unnamed—who have demanded that “black” money be attacked at the root by reducing the marginal rate of taxation.<sup>14</sup> The particular timing of the ordinance, a few weeks before the presentation of the Union budget, leads us to expect exactly that from the Finance Minister. As to whether this will strike at the root of the problem or will merely add to the incomes and assets of the class that includes potential purchasers of the special bearer bonds is perhaps a question not worth the asking.

There is a deeper lesson to be learnt from the government’s introduction of the special bearer bonds scheme. Indian capitalists are well aware of the need to strengthen their own position by expanding the production base of the economy and by making use of state policy to help expedite the conversion of accumulations made in the sphere of circulation into industrial capital. If the special bearer bonds scheme is one more attempt to painlessly bring capital into the sphere of production, it also reflects the extent to which this class is capable in its own interest of flouting those very principles of bourgeois legal justice—the principle that he who breaks the law shall be penalized for it—which it applies without concession to other classes.

K BHARATHAN

(The author is thankful to S Guhan and A Ramamurthy for comments)

<sup>1</sup> The term *illegitimate* is used throughout this note as an antonym to *legitimate*: “—*adj.* 1. according to law, lawful . . . 2. In accordance with established rules, principles or standards”, *The Random House Dictionary of the English Language* (Unabridged Edition), 1980.

<sup>2</sup> Special Bearer Bonds (Immunities and Exemptions) Ordinance 1981, No 1 of 1981. The text of the ordinance is reproduced in full in *The Economic Times*, New Delhi 14 January 1981.

<sup>3</sup> *Ibid*, Section 3 (1).

<sup>4</sup> *Ibid*, Section 3 (1)(a).

<sup>5</sup> *Ibid*, Section 3 (1) (b). Emphasis added.

<sup>6</sup> *Ibid*, Section 3 (1) (c). Emphasis added.

<sup>7</sup> *Ibid*, Section 5 (a).

<sup>8</sup> *Ibid*, Section 6.

<sup>9</sup> *Ibid*, Section 5 (b).

<sup>10</sup> See reports in *The Hindu*, Madras, 13 and 14 January 1981.

- <sup>11</sup> A similar argument on this and other points in this note are contained in an editorial, *The Business Standard*, Calcutta, 14 January 1981.
- <sup>12</sup> Special Bearer Bonds (Immunities and Exemptions) Ordinance, *op cit*.
- <sup>13</sup> If an individual earns Rs 10,000 on 31 March 1985 then the *nominal value* of that income is Rs 10,000. The concept of *present value* attempts to take into account the idea that future income is worth less than income now. Thus, present value would be the value of the sum of money that should be held today, which, at the going rate of interest would multiply to Rs 10,000 on 31 March 1985, and would therefore be less than the nominal value of the future income. The present value of the above income on 31 March 1981 would, at the prevailing rate of interest of 10 percent work out to Rs 6813.30.
- <sup>14</sup> See, for instance, reports in the *Indian Express*, Madras, 14 January 1981 and *The Hindu*, Madras, 14 and 16 January 1981.

## BOOK REVIEW

### *The Chilean Lesson*

K SESHADRI, CHILE: TRAVAIL AND TRAGEDY, Pragatce Prakashan, Delhi, 1979, pp 239, Rs 60.

It is strange that in spite of various socio-economic and political forces determining the course of history of a nation, the votaries of empiricism and behaviourism reiterate that a historical fact should be studied in isolation and that emphasis must be laid on facts as they are apparently observable, without contaminating the scientific character of the study with any ideology. The behaviourists stress that individual characteristics such as motivation, ambition and ascriptive status of the people are essential for the study of political development of a nation and recommend that developing countries must follow the path already traversed by the western countries, particularly the United States of America. But Seshadri's study of the tragic downfall of Allende and the imposition of a military dictatorship in Chile exposes the bankruptcy of these fads in vogue in social sciences and illustrates how American rulers who had already toppled the governments of Iran, Guatemala, the Congo, Laos, Dominican Republic, Brazil and Indonesia, bungled with the fate of a nation which had won political freedom from Spanish imperialists and was still fighting for economic emancipation. In this connection he also rejects the view that Allende's policies were not properly formulated and Chilean politics suffered from internal dissensions:

"Many political pundits with the benefit of hind sight pass judgements on what Allende should have done or should not have done. These judgements, whether valid or not, should not slur over the fact that behind this horrendous experience was the American imperialism operating through its multinationals, its espionage agencies, military penetration, counter-insurgency

measures, systematic and powerful propaganda techniques and financial and commercial agencies."

However, the author is not blind to the internal situation responsible for the death of democratic forces in Chile. He has documented his analysis with relevant facts about the physical features of the country, its socio-economic conditions, class structure, trade and industry, struggle between rightist and leftist forces and so on, but his whole discussion boils down to only one conclusion: the native aristocratic and middle classes fell a prey to the nefarious propaganda against socialism unleashed by the vested interest of the United States and provided every support to the American machinations to succeed in their subversive mission.

Seshadri tells us that the earlier presidents, Ibanez (1952-1958), Alessandri (1958-1964) and Frei (1964-1970), also talked about land reform, but did nothing for improving the condition of the peasantry. Though most of the land was in the hands of big landlords, ironically enough, a team of American economic advisers recommended certain measures which might not have affected the interest of the landlords, for example, low wages, high prices and less employment. In whose interest were these recommendations to be implemented? As a matter of fact, the native capitalists were producing luxury goods for the aristocracy and newly emerging middle classes who were aping "modernism" of the West, while the country was totally dependent on foreign powers, particularly the United States which controlled Chile's foreign trade in copper, banking, large-scale industries, education and mass media.

There was a time when all copper mines were controlled by American monopolists who dominated even the government development corporation. Guided by their mercenary motives, the American administration had been spending money in academic, religious and cultural activities of Chile for publicizing their ideology of free trade and commercial culture, but after the installation of Allende's socialist government, they changed their policy. Seshadri digs at the much publicized American love for humanity when he refers to the International Development Agency's refusal to advance loan for establishing a petro-chemical industrial complex and for emergency relief for the victims of earthquake, Nixon's refusal to give financial assistance to buy wheat from the United States when Chile was facing a grave food shortage and Carter's pronouncement to cut off all aid. At the same time, the author observes, universities received large amounts of money for



organizing anti-Allende campaign and the Central Intelligence Agency (CIA) financed striking truck drivers, petty shopkeepers and taxi drivers. The television network and the radio became the propaganda machinery of the United States spreading rumour that Allende would create a dictatorship like Castro's. The author has collected ample evidence to support his view from authentic sources such as testimonies and diaries of eminent personalities like Michael Harrington, chairman of the Socialist Party of America, and Philip Agee, William F Colby and Frederick Dixon Devis, the ex-CIA officials, as well as the statements of Kissinger and Genseen, the director of I T T

Besides, Seshadri has made a very pertinent observation regarding the transformation of state apparatus and military organization. Mere transfer of state power, he says, from the control of the bourgeoisie to the leaders of a popularly elected government is not enough because the disgruntled reactionary forces will not allow the government to bring about any radical change that would affect their interest. Hence the need to smash the state apparatus and proletarianize the army. This is the lesson that Marx drew from the failure of the Paris Commune: "The next French Revolution will no longer attempt to transfer the bureaucratic-military apparatus from one hand to another, but to smash it, and this is the precondition for every people's revolution on the continent."

VIRENDRA K ROY

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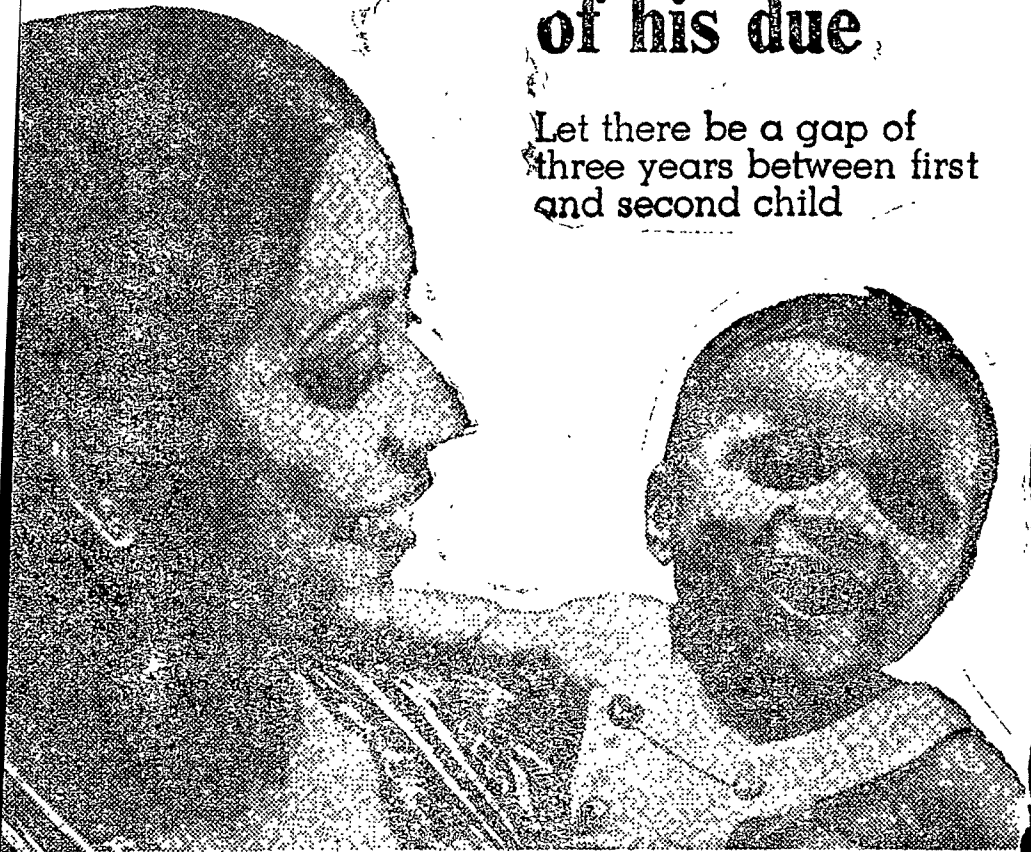
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